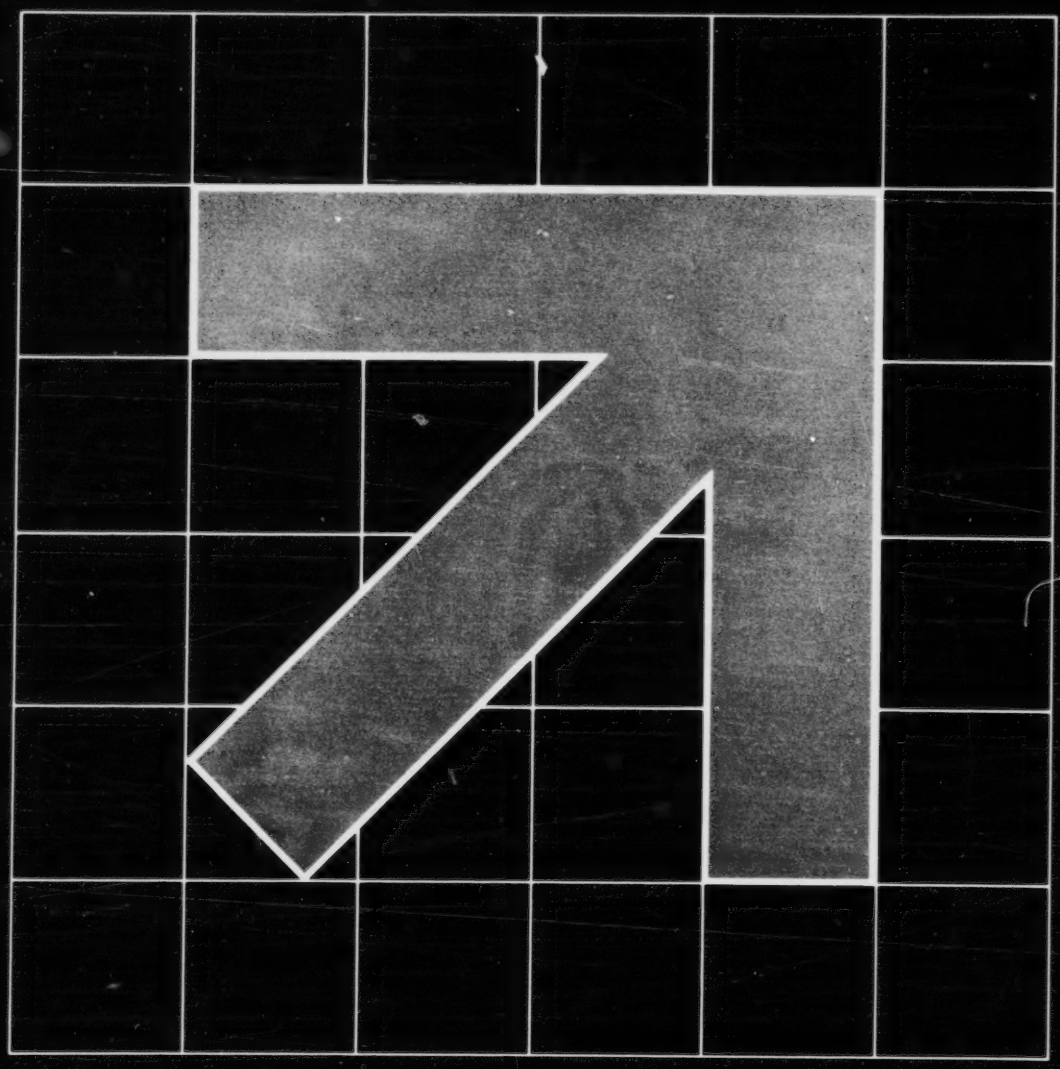
Gouvernement du Québec
Ministère de l'Agriculture,
des Pêcheries et de l'Alimentation

The Bio-food Industry in 1986: Economic Performance and New Challenges



Québec

THE BIO-FOOD INDUSTRY IN 1986: ECONOMIC PERFORMANCE AND NEW CHALLENGES

Ministère de l'Agriculture, des Pêcheries
et de l'Alimentation du Québec

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PREFACE

In our respective capacities as Minister of Agriculture, Fisheries and Food and Associate Minister for Fisheries, we are pleased to present a review of the economic situation of the agriculture, fisheries and food sector in Québec for 1986.

At the world level, agriculture is experiencing a time of deep crisis which may last for many years. Record harvests and major increases in production in the grain importing countries have created significant surpluses, reduced the volume of international trade and sparked a trade war between the major exporting countries. This trade war is taking the shape of falling international prices, an increase in the application of countervailing duties on imported products and a sharp rise in the level of subsidies, both to support farm incomes and to recover export markets. until now, the impact of the trade war on Québec's agriculture has been a drop in prices paid to farmers for corn-grain and small grain. Meat products, particularly pork products, may feel the effects of this trade war in the near future.

For the first time in history, the net earned income of Québec agriculture exceeded the $1 billion mark, reaching $1.036 billion, up 12% over 1985. Thanks to this remarkable growth, Québec has moved into second place among the provinces, just behind Ontario ($1.39 billion) and ahead of Alberta ($706.6 million).

Demand for agricultural and food products in 1986 was up compared to previous years. Retail sales of food products totalled $9.6 billion, a gain of 9.8% over 1985. Receipts in the restaurant sector totalled $3.1 billion, for a rise of 7.9% compared to a year earlier. Finally, exports of food products performed exceptionally well in 1986, thanks to favourable conditions in the pork and fisheries sector. Québec's exports of food products rose 13%, reaching $1.33 billion while total Québec exports only rose 3.7% in 1986.

The improved economic situation in Québec's agricultural sector can be attributed to traditional specialization in animal production. A slight increase in the price of milk boosted cash receipts for this product sector to $1.21 billion, up 2% over 1985. The 19.3% rise in the average price of pork brought cash receipts for pork production to $676.3 million, a gain of 18.7% over 1985. Cash receipts for poultry production rose 4.9%, totalling $265.3 million, resulting from an increase of 2.3% in the price of chicken and a gain of 4.7% in turkey production.

in 1986, the general yield of vegetable production in Québec declined, as a result of unfavourable weather conditions. despite an increase of 5.7% in grain seeded acreage in 1986, the harvest was down 5.9% for the year, at 2 621 000 tonnes. Crop insurance payments are expected to reach $21 million to offset the reduced yields of the grain crop. The potato

harvest was down 10.6% and that of other vegetables by 8%. The apple crop plummeted by 41.2%, while the berry crop dropped 23.7%.

The value of landed catches in Québec's fishery sector was up substantially. The value of catches rose from $67.7 million in 1985 to $82.0 million in 1986. Price increases for virtually all species account for this situation. Québec fishermen took advantage of the stronger demand for seafood products, at a time when the resource is becoming increasingly scarce.

The fishery industry profited particularly from the increase in U.S. consumption of seafood products. The value of exports loaded in Québec rose by 41.3% during the first nine months of 1986. Various fish products accounted for $46.1 million, while molluscs and shellfish contributed $63.0 million. Among the major products, crab and shrimp deserve special attention, with exports valued at $39.9 million and $9.5 million respectively.

Québec's agriculture, fishery and food sector must face a number of challenges from now till the end of the decade. The current situation on the world agricultural commodities market is bringing the government to reassess its support activities for agricultural production. Bilateral trade agreements signed with the United States, and multilateral

agreements under GATT, may alter the very structure of Québec's agriculture, fishery and food sector.

The Canadian Agricultural Strategy, for which Québec has assumed a leading role, has generated a great deal of hope. The principle of equity in the interprovincial distribution of federal funds for farmers has been endorsed by the other provinces. It was also instrumental in obtaining $37.5 million for Québec producers in the distribution of the $1 billion compensation package paid to Canadian grain and oilseed producers. The review of farm income stabilization programs to make them complement federal programs must also come under an agreement based on the principle of equity and respect of regional economies, as well as the acknowledgment of shared jurisdiction.

One of the major challenges which the fisheries sector must deal with from now till the end of the decade is the rationalization of both its harvesting and processing activities. In this regard, the progress the industry has already made in standardization must be followed up by a higher degree of processing and greater diversification of activities.

These efforts must not be isolated from others, equally significant, with respect to marketing and consolidation of fisheries products supply.

The Minister of Agriculture,
Fisheries and Food

MICHEL PAGÉ

The Associate
Minister for Fisheries

ROBERT DUTIL

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INTRODUCTION

A salient feature of the agro-food sector was the healthy rise in cash receipts. Although production volume held steady and prices as a whole rose only slightly, farm incomes were supplemented by payments from farm insurance plans. Sales in the food processing sector were up slightly, while the value of catches in the maritime fisheries sector was up substantially.

This document has been divided into six chapters to provide a more detailed examination of economic conditions in Québec's food sector. The first compares the performance of the agro-food sector with that of Québec's economy as a whole, and discusses the major elements of the farm situation.

The second chapter deals with farm production. It analyzes the international influences on the performance of the major agricultural sectors in Québec in 1986.

The next chapter outlines the various food product processing and distribution sectors. Chapter four looks specifically at the fisheries sector and analyzes the economic situation of production and processing of fisheries products.

Chapter five discusses the outlook for 1987 in the agro-food and fisheries sectors.

The sixth and final chapter focuses on the challenges which will have to be met from now until the end of the decade.

CHAPTER 1

THE ECONOMIC PERFORMANCE OF THE FOOD SECTOR

This chapter discusses the major economic indicators in the food sector compared to the rest of the economy in 1986. In particular, consumer prices, retail sales, exports, employment investment and the gross domestic product will be examined.

Although Québec's economy grew at a slightly lower rate than in the previous year, it did perform well in a number of respects. In particular, the value of output in each of the construction, forestry industry, trade, real estate, insurance and financial sectors grew by more than 5%. The gross domestic product, expressed in real terms, rose by 2.6% in the agricultural sector. Retail trade was buoyed by 5% growth in disposable income, while Québec consumers lowered their savings rate to purchase durable and capital goods.

1.1 Consumer prices

Food prices rose by 6.8% in 1986; in 1985, they had posted their smallest rise since 1975, with an increase of only 3.6%.

TABLE 1.1
MAJOR DEMAND INDICATORS
IN THE FOOD SECTOR
IN QUEBEC FROM 1984 TO 1986

BREAKDOWN	1984	1985(1)	1986(2)	CHANGE 1985/1984	CHANGE 1986/1985
	- '000 000$ - (3)			- % -	
RETAIL SALES					
FOOD PRODUCTS	8 354,4	8 771,3	9 632,8	5,0	9,8
ALL ITEMS	29 005,9	31 782,3	34 874,8	9,6	9,7
EXPORTS					
FARM, FISHERIES AND FOOD PRODUCTS	1 231,2	1 175,5	1 328,5	-4,5	13,0
ALL ITEMS	17 340,1	18 610,9	19 299,5	7,3	3,7
RECEIPTS					
RESTAURANTS	1 909,4	2 120,3	2 361,0	11,0	11,4
OTHER ESTABLISHMENTS(4)	746,3	783,4	772,3	5,0	-1,4
TOTAL	2 655,7	2 903,7	3 133,3	9,3	7,9
CONSUMER PRICE INDEX (MONTREAL)		- 1981 = 100 -			
FOOD	116,1	120,2	128,4	3,5	6,8
RESTAURANT MEALS	116,2	121,8	129,2	4,8	6,1
ALL ITEMS	122,7	128,1	134,4	4,4	4,9

(1) ESTIMATES.
(2) PROJECTIONS.
(3) AMOUNTS ARE EXPRESSED IN CURRENT CANADIAN DOLLARS.
(4) OTHER ESTABLISHMENTS: CATERERS, "TAKE-OUT FOOD" ESTABLISHMENTS, DINING LOUNGES, ETC.

SOURCES: - STATISTICS CANADA, VARIOUS CATALOGUES.
- BUREAU DE LA STATISTIQUE DU QUEBEC.
- MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.

The all-items price index was up 4.9% in 1986, virtually matching its rise for 1985 (see Table 1.1).

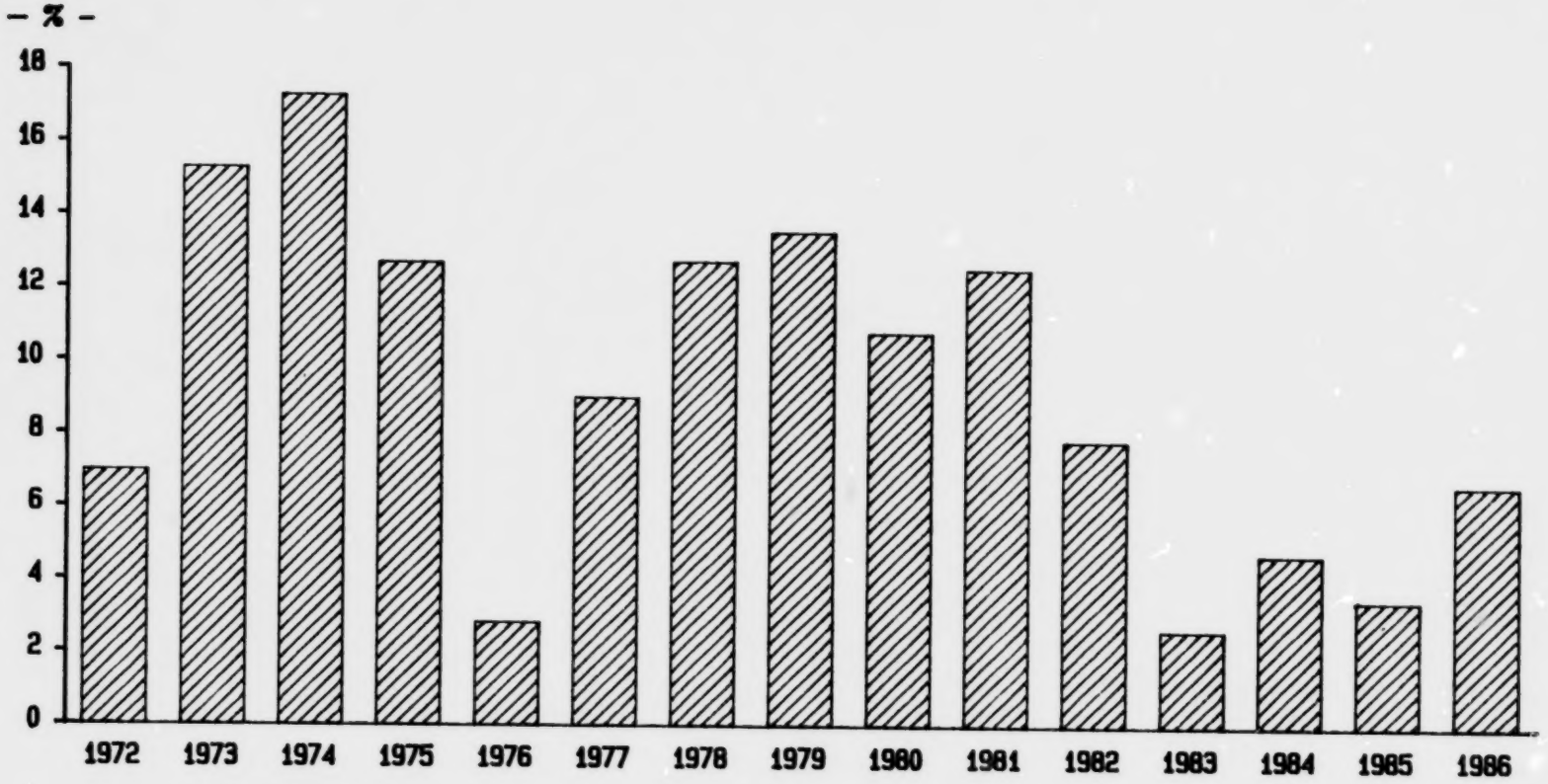
The rise in the inflation rate in the food sector is attributable, in particular, to increases in the price of pork, cereal and bakery products, and smaller seasonal reductions in fruit and vegetable prices.

The decrease in pork supplies on the North American market resulted in a sizable increase in its price, particularly during the summer months. Moreover, the $7-a-bushel increase in the price of wheat for human consumption in Canada sparked a jump of almost 5% in the price of cereal and bakery products. Finally, less plentiful harvests of fruits and vegetables in Canada and the U.S. restricted the extent of the normal prices reductions during harvest.

However, the drop in egg and fats prices offset the increases in the prices of other products to a certain degree.

A moderate increase in wages meant a less rapid increase in the price of food consumed outside the home than in food prices as a whole.

CHART 1.1
FOOD PRICES IN QUEBEC
ANNUAL PERCENTAGE CHANGE FROM 1972 TO 1986



SOURCE: MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.

The food market in Québec was influenced by special circumstances since food prices rose 6.8% compared to 5% for Canada as a whole. This difference in the rates at which prices rose in Canada and Québec is reflected in most products purchased in food stores and in the price of meals taken outside the home.

1.2 Demand for farm and food products

Final demand for farm and food products is an indicator of the food sector's performance. Three major sources contribute to this demand: demand from households on food retailers, consumers' spending in restaurant establishments and sales on export markets.

1.2.1 Retail food sales

Purchases made in grocery and combination grocery-meat stores account for almost 75% of food spending by households. As a result, retail sales are a major indicator of household demand for food products.

In 1986, sales by food retailers amounted to $9.6 billion, an increase of 9.8% compared to the previous year.

Total retail sales in Québec for all consumer products rose by 9.7% and reached almost $34.9 billion in 1986. The

continuing economic recovery and low interest rates combined with relative price stability encouraged consumers to increase spending on durable and semi-durable goods.

When the effect of higher prices is removed, the increase in retail sales of food products amounts to 2.8% in 1986, compared to 1.4% in 1985. Since the population grew at a slower rate, the increased sales may be the result of a trend among consumers towards more costly food products.

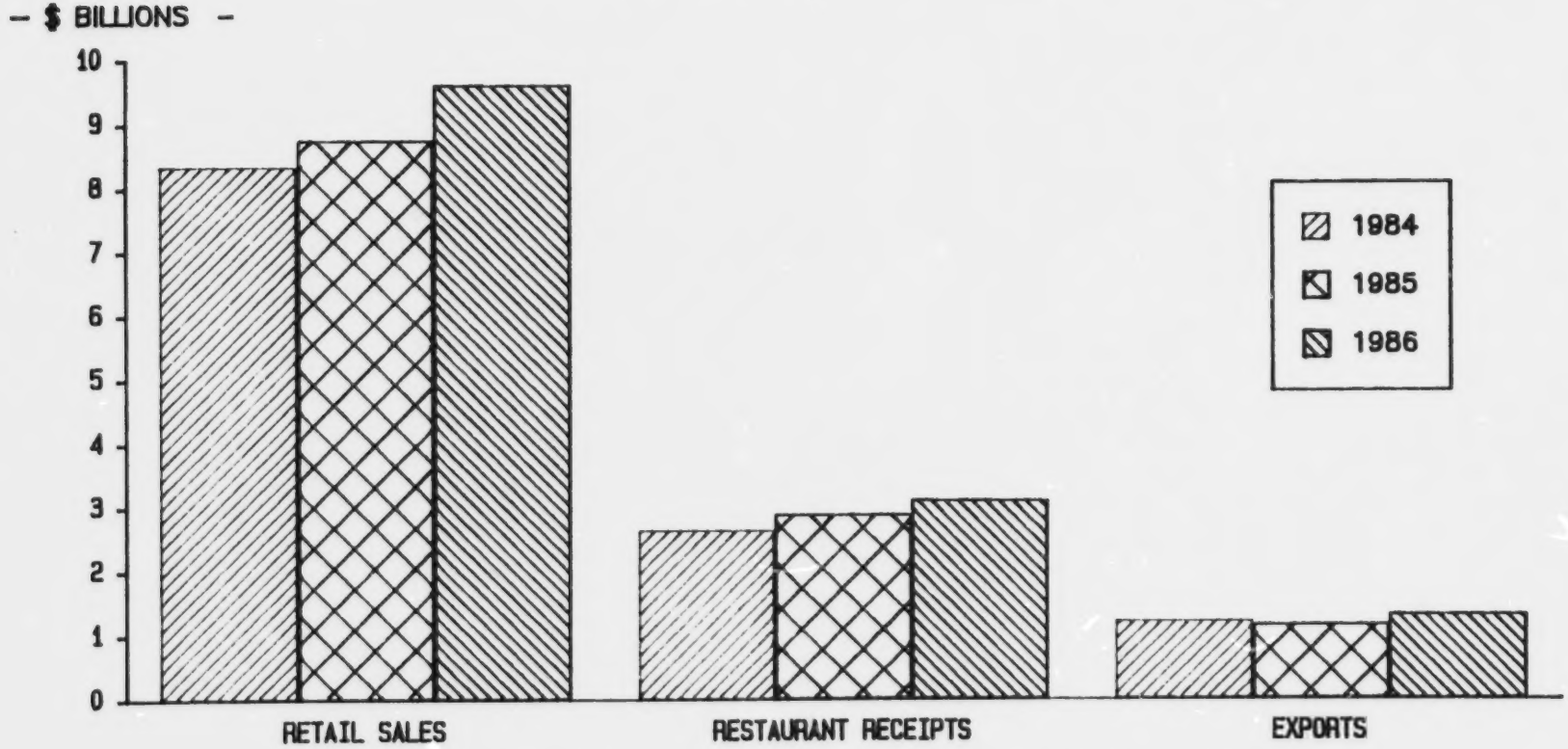
1.2.2 The restaurant industry

The restaurant sector accounted for receipts in excess of $3.1 billion in 1986, up by 7.9% over the previous year. For the second year in a row, the greatest increase was posted by licensed and non-licensed restaurants, whereas receipts were down somewhat for other establishments (caterers, food "take-outs" establishments, etc.).

1.2.3 Exports

Based on the first nine months of the year, the value of all Canadian exports loaded in Québec could reach $19.8 billion in 1986, for a gain of 6.4% over the same period in 1985. Exports in the agricultural, fisheries and food sector over the first three quarters of 1986 grew by 13% over 1985, and could total $1.33 billion for the year.

CHART 1.2
MAJOR DEMAND INDICATORS
IN THE FOOD SECTOR IN
QUEBEC, FROM 1984 TO 1986



SOURCE: MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC,
DIRECTION DE LA PLANIFICATION, JANUARY 1987.

The greatest increase was recorded by exports of processed goods, which surged by 14.3%, whereas sales of unprocessed farm products slumped by 7.6%. In particular, exports of live animals plummeted by 26.5%.

Exports in the slaughtering and meat processing industry were ahead 20.2%, in response to higher prices for pork-based products. Similarly, exports of processed seafood products leaped by 41.4%. However, the loss of certain markets in Africa resulted in our exports of evaporated milk being slashed by 32.3%, falling from $62.9 million over the first nine months of 1985 to $42.6 million in 1986.

1.3 Investment

Capital expenditures are an indication of total investment spending. They include pruchases of new machinery and equipment and the construction of buildings and engineering works.

TABLE 1.2
MAJOR INDICATORS OF ECONOMIC ACTIVITY
IN THE FOOD SECTOR IN
QUEBEC, FROM 1984 TO 1986

BREAKDOWN	1984	1985(1)	1986(2)	CHANGE 1985/1984	CHANGE 1986/1985
	- '000 000$ - (3)			- % -	
CAPITAL EXPENDITURES					
AGRICULTURE	662,6	636,3	496,3	-4,0	-22,0
FISHERIES	6,5	5,8	6,9	-10,8	19,0
FOOD AND BEVERAGES	229,4	227,3	236,0	-0,9	3,8
FOOD STORES	25,9	23,6	17,8	-8,9	-24,6
LODGING AND RESTAURANTS	51,2	97,8	86,5	91,0	-11,6
MANUFACTURING	2 751,0	3 281,7	3 840,7	19,3	17,0
PRIVATE CAPITAL EXPENDITURES	10 543,7	12 072,4	13 208,6	14,5	9,4
TOTAL CAPITAL EXPENDITURES	15 747,8	16 979,6	18 230,4	7,8	7,4
GROSS DOMESTIC PRODUCT					
FISHERIES	59,0	65,0	80,0	10,2	23,1
AGRICULTURE	1 640,0	1 741,5	1 871,4	6,2	7,5
FOOD AND BEVERAGES	3 142,1	N.A.	N.A.	N.A.	N.A.
MANUFACTURING	18 920,0	19 866,0	20 831,0	5,0	4,9
TOTAL ECONOMY	86 290,0	92 045,0	98 480,0	6,7	7,0
EMPLOYMENT		- '000 JOBS -		- NUMBER -	
AGRICULTURE	76,9	85,1	83,2	8 200	-1 900
FOOD AND BEVERAGES	55,3	57,5	58,0	2 200	500
TOTAL	132,2	142,6	141,2	10 400	-1 400
PRIMARY SECTOR	127,7	130,1	131,0	2 400	900
MANUFACTURING	559,6	548,1	582,2	-11 500	34 100
TOTAL ECONOMY	2 722,3	2 804,5	2 865,4	82 200	60 900

(1) ESTIMATES.
(2) PROJECTIONS.
(3) AMOUNTS ARE EXPRESSED IN CURRENT CANADIAN DOLLARS.

SOURCES: - STATISTICS CANADA, VARIOUS CATALOGUES.
- CONFERENCE BOARD OF CANADA.
- BUREAU DE LA STATISTIQUE DU QUEBEC.
- MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.

Capital spending in the agricultural sector was restricted to $496.3 million, down 22%. The poor agricultural outlook in North America caused many agricultural firms in Québec to rationalize their activities, leading to a suspension of investment. Since the outlook in the fisheries sector is more encouraging, capital spending rose 19% in 1986, aftre having dropped the previous year by 10.8%.

The food and beverage sector recorded capital spending of $236.0 million in 1986, ahead 3.8% over the previous year. Significant gains were also posted in the miscellaneous foods industries and the bakery and biscuit sectors. In sharp contrast, capital spending in the fish processing industry was off by 61% as a result of the expiry of the rationalization program in the fisheries products processing sector.

1.4 Employment and income

Employment grew by 60 900 in 1986 for Québec's economy as a whole. There was little change in the number of people working in the agriculture sector, with employment falling slightly from 85 100 in 1985 to 83 200 in 1986. As in previous years, the number of unpaid family members working on the farm trended down, while the number of farm wage-earners rose.

Farm wages rose by more than 5.7% in 1986. A government decree passed on October 1, 1986, brought the minimum wage to $4.35 an hour. In addition, the wage difference for workers between ages 16 and 18, compared to thos over 18, was abolished.

Over the first six months of 1986, weekly income in the food processing industry rose by 6.5% in Canada. Gains were particularly significant in the livestock feed, bakery and miscellaneous food products sectors.

1.5 Gross domestic product

The gross domestic product (G.D.P.) is the measure of the market value of all goods and services produced within the territorial limits of an economy during a year. It also represents the remuneration to all factors of production: labour, capital and entrepreneurship. The concept of gross domestic product is widely used to estimate economic growth and measure each productive sector's contribution to that growth.

In 1986, the gross domestic product of Québec's economy as a whole was up 7% compared to 6.7% in 1985. Residential construction investment remained high, while domestic demand for consumer goods held steady. Expressed in constant dollars, Québec's gross domestic product grew by 3.5% in 1986.

After gaining 6.2% in 1985, the gross domestic product of the agricultural sector rose 7.5% in 1986. This is attributable mainly to a leap of 12% in net earned income, which accounts for almost half of agricultural gross domestic product. Wages and depreciation charges held steady, while interest, dividends and other investment income rose 3.4%.

1.6 Revenue and expenditure generated by agricultural activity[1]

Despite the difficult economic situation in the farm sector, cash receipts from the sale of agricultural products gained almost 4.5% over the previous year. This growth is mainly due to increases in prices paid to producers, with the volume of production remaining steady.

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1 All data on vegetable production in this chapter refer to revenue, expenditure and production marketed during calendar 1985 and 1986. The appendix contains figures for total production for the 1985-1986 and 1986-1987 crop years.

TABLE 1.3
VOLUME OF FARM PRODUCTION MARKETED
IN QUEBEC FROM 1985 TO 1987

PRODUCTS		1985	1986(1)	1987(2)	CHANGE 1986/1985	CHANGE 1987/1986
		- QUANTITIES -			- % -	
MILK	- HECTOLITRES -	28 321 690	28 376 370	28 300 000	0,2	-0,3
PORK	- TONNES -	376 872	375 126	387 297	-0,5	3,2
BEEF	- TONNES -	93 390	97 218	99 611	4,1	2,5
VEAL	- TONNES -	17 363	17 064	16 660	-1,7	-2,4
CHICKEN	- TONNES -	146 859	151 171	161 698	2,9	7,0
EGGS FOR CONSUMPTION	-'000 OF DOZENS-	68 188	68 200	68 200	0,0	0,0
GRAINS	- TONNES -	1 474 891	1 581 991	1 579 284	7,3	-0,2
POTATOES	- TONNES -	342 432	415 220	410 630	21,3	-1,1
VEGETABLES	- TONNES -	440 340	405 000	420 000	-8,0	3,7
APPLES	- TONNES -	91 825	53 914	92 000	-41,3	70,6
BERRIES	- TONNES -	18 603	14 194	17 481	-23,7	23,2
HONEY	- TONNES -	4 800	3 000	4 800	-37,5	60,0
MAPLE PRODUCTS	- KILOLITRES -	8 877	8 955	9 250	0,9	3,3
PRODUCTION VOLUME INDEX	- 1985=100 -	100,0	100,3	103,0	0,3	2,7

(1) ESTIMATES.
(2) PROJECTIONS.

SOURCES:
. FOR 1985 - BUREAU DE LA STATISTIQUE DU QUEBEC, VARIOUS PUBLICATIONS.
- STATISTICS CANADA, VARIOUS PUBLICATIONS.
- AGRICULTURE CANADA, LIVESTOCK MARKET REVIEW AND POULTRY MARKET REVIEW.
. FOR 1986, 1987 - MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.

1.6.1 Sales volume of agricultural products[1]

The sales volume of agricultural products remained stable in 1986 compared to a year earlier. A slight drop in sales of cereal and horticultural products was offset by increases in maple products and animal production.

In 1985, an increase in acreage under cultivation together with especially favourable weather conditions led to major rises in grain and potato production. Part of this production was sold in 1986 and accounts for the gains of 7.3% in the volume of grain sales and 21.3% in sales of potatoes. Sales of vegetables (-8%), berries (-23.7%) and apples (-41.3%) were off from the preceding year, as a result of unfavourable weather conditions during the summer. Crop insurance payments will, consequently, be made in 1987.

The volume of sales from livestock production showed no change in 1986.

Following a drop of 4.6% in 1985, as a result of restrictions imposed on the 1985-1986 dairy campaign with

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1 The implicit index of the physical volume of marketed production differs from the index calculated using gross earned income in constant dollars in that it does not include crop insurance and stabilization inurance payments, various subsidies and farm consumption of agricultural products.

respect to the special export program, Québec producers raised their deliveries of milk only slightly in 1986.

Pork production was down somewhat in 1986 compared to a year earlier, while deliveries of beef and chicken were up by 4.1% and 2.9% respectively.

1.6.2 Agricultural product prices

The increase in pork prices in 1986 helped offset the slide in grain prices and contributed to an oveall increase in agricultural prices of 3.9%.

The general price level for vegetable products dropped by 7% in 1986. The trade war being waged by the United States to increase its share of the world grain market has resulted in a major drop in prices for grain products for Québec producers. Moreover, the large potato crop in Québec and the Maritimes in 1985 resulted in abundant stocks and lower prices for this product over the first eight months of 1986.

Apart from minor drops in the prices of beef, turkey and eggs, livestock product prices as a whole rose 5.7% in 1986. The most significant price gain was registered for pork, with a drop in total North American supply leading to a surge of 19.3% in average prices.

TABLE 1.4
PRICE INDICES FOR CERTAIN AGRICULTURAL PRODUCTS
IN QUEBEC FROM 1985 TO 1987

PRODUCTS	1985(1)	1986(2)	1987(3)	CHANGE 1986/1985	CHANGE 1987/1986
	- 1985 = 100 -			- % -	
MILK	100,00	101,80	103,02	1,8	1,2
PORK	100,00	119,26	119,59	19,3	0,3
BEEF	100,00	99,38	107,23	-0,6	7,9
VEAL	100,00	105,03	113,80	5,0	8,3
CHICKEN	100,00	102,33	101,33	2,3	-1,0
TURKEY	100,00	98,28	95,86	-1,7	-2,5
EGGS	100,00	98,99	94,99	-1,0	-4,0
LAMB AND MUTTON	100,00	100,91	101,76	0,9	0,8
GRAINS	100,00	81,00	69,60	-19,0	-14,1
POTATOES	100,00	89,85	106,14	-10,2	18,1
VEGETABLES	100,00	106,04	103,81	6,0	-2,1
APPLES	100,00	117,50	105,75	17,5	-10,0
BERRIES	100,00	117,53	105,57	17,5	-10,2
HONEY	100,00	132,20	93,18	32,2	-29,5
MAPLE SYRUP	100,00	138,17	135,83	38,2	-1,7
ALL PRODUCTS	100,00	103,90	103,60	3,9	-0,3

(1) ORIGINAL DATA ADJUSTED TO THE BASE 1985=100.
(2) ESTIMATES.
(3) PROJECTIONS.

SOURCES:
. FOR 1985
- BUREAU DE LA STATISTIQUE DU QUEBEC, VARIOUS PUBLICATIONS.
- STATISTICS CANADA, VARIOUS PUBLICATIONS.
- AGRICULTURE CANADA, LIVESTOCK MARKET REVIEW AND POULTRY MARKET REVIEW.

. FOR 1986, 1987
- MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.

TABLE 1.5
CASH RECEIPTS FROM FARM OPERATIONS
IN QUEBEC FROM 1985 TO 1987

PRODUCTS	1985	1986(1)	1987(2)	CHANGE 1986/1985	CHANGE 1987/1986
		- '000$ -		- % -	
DAIRY PRODUCTS	1 188 161	1 211 331	1 222 394	2,0	0,9
PORK	569 711	676 318	700 141	18,7	3,5
BEEF AND VEAL	274 245	283 550	310 053	3,4	9,3
POULTRY	252 917	265 311	280 587	4,9	5,8
EGGS	91 453	90 448	86 794	-1,1	-4,0
LAMB AND MUTTON	5 344	5 395	5 353	1,0	-0,8
OTHER LIVESTOCK	32 881	30 660	32 816	-6,8	7,0
TOTAL - LIVESTOCK AND ANIMAL PRODUCTS	2 414 712	2 563 013	2 638 138	6,1	2,9
CORN	158 486	137 253	122 080	-13,4	-11,1
WHEAT	16 365	15 019	12 365	-8,2	-17,7
BARLEY	27 838	25 573	20 629	-8,1	-19,3
OATS	17 309	13 434	9 068	-22,4	-32,5
POTATOES	36 668	39 947	46 671	8,9	16,8
VEGETABLES AND GREENHOUSES	102 609	102 700	104 900	0,1	2,1
FRUITS	46 197	37 146	47 176	-19,6	27,0
FLOWERS AND TREE NURSERIES	51 301	55 898	59 724	9,0	6,8
TOBACCO	25 146	19 821	22 000	-21,2	11,0
OTHER CROPS	30 753	27 155	26 071	-11,7	-4,0
TOTAL - CROPS	512 672	473 946	470 684	-7,6	-0,7
FOREST AND MAPLE PRODUCTS	64 473	81 250	82 913	26,0	2,0
OTHER CASH RECEIPTS (3)	324 344	348 598	290 577	7,5	-16,6
TOTAL - CASH RECEIPTS	3 316 201	3 466 807	3 482 312	4,5	0,4

(1) ESTIMATES.
(2) PROJECTIONS.
(3) INCLUDES AMOUNTS PAID BACK BY PRODUCERS TO THE FEDERAL GOVERNMENT AS ADVANCES UNDER THE LAW FOR NET NON-GRAIN CASH ADVANCES, DEFICIENCY PAYMENTS, CROP INSURANCE AND INCOME STABILIZATION INSURANCE PAYMENTS, AND DAIRY SUPPLEMENTARY PAYMENTS.

SOURCES: - STATISTICS CANADA, FARM NET INCOME, CATALOGUE NUMBER 21-202.
- MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.

1.6.3 Cash receipts

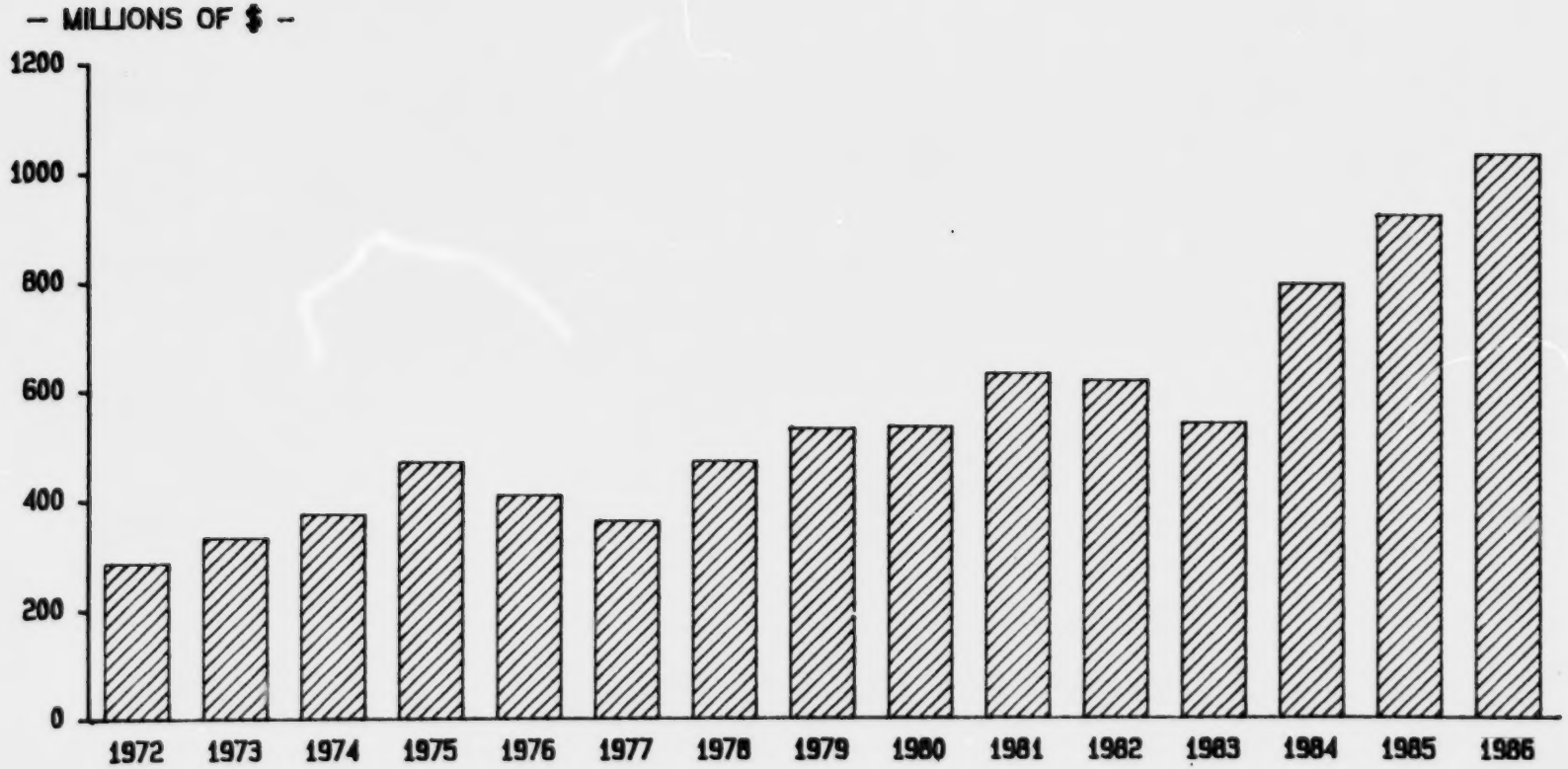
Cash receipts represent the income obtained from the sale of agricultural products outside Québec's agricultural sector during a calendar year. They exclude the sale of intermediate goods and products consumed on the farm by the farm sector, and only take into account amounts actually received by producers for their products during the calendar year.

Cash receipts totalled $3.5 billion in 1986, up by almost 4.5% compared to a year earlier. The drop in receipts from vegetable production was more than offset by higher receipts for animal, forest and maple products. In addition, government transfers rose by 7.5% to $348.6 million in 1986. Payments by the Régie des assurances agricoles accounted for 63% of this amount.

In spite of an increase in volumes brought to market, receipts from grain sales were down as a result of lower prices. Although fruit prices were up substantially, smaller harvests cut receipts drastically.

Turning to the livestock production sector, revenue from the sale of pork jumped 18.7% in response to a significant increase in prices. Moreover, apart from the eggs, honey and fur sectors, receipts were up for all livestock productions.

CHART 1.3
NET EARNED INCOME IN THE AGRICULTURAL SECTOR
IN QUEBEC, FROM 1972 TO 1986



SOURCE: MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC,
DIRECTION DE LA PLANIFICATION, JANUARY 1987.

A major increase in prices dramatically boosted receipts from maple production, from $37.9 million in 1985 to over $52.8 million in 1986.

Finally, the revenue increases due to crop insurance and income stabilization insurance are attributable to the poor weather conditions Québec experienced during the summer of 1986, and to the poor yields on several crops in 1985.

1.6.4 Operating and marketing expenses and depreciation charges

In 1986, operating and marketing expenses and depreciation charges totalled $2.5 billion, showing no appreciable change over the preceding year. Prices and volumes of farm inputs also remained relatively stable. The rise in expenditures associated with milk marketing charges and income stabilization was offset by a reduction in operating expenses.

The lower operating expenses can be attributed to a reduction of 6.2% in spending on animal feed. In addition, the drop in energy prices in 1986 led to lower expenditures on fuel, fertilizer and heating.

Income stabilization costs totalled $58.7 million, up 31.7% compared to 1985, while spending involved in milk marke-

ting (sampling, transportation, advertising, etc.) reached $216.3 million in 1986.

1.6.5 Agricultural activity in 1986: results

Net earned income can be used to assess agricultural activity in Québec. It includes cash receipts and revenue in kind, from which operating and marketing expenses and depreciation charges are subtracted.

Net earned income rose 12%, climbing from $924.8 million in 1985 to $1.036 billion in 1986, . This increase is attributable to higher cash receipts (including agricultural insurance payments) at a time when expenditures were holding steady. This is indicative of improved cost-effectiveness in certain agricultural sectors, in particular, those associated with animal production.

For the second year in a row, a slight drop in the animal population resulted in lower inventories. When allowance is made for the change in inventories, total net income rose 12.9% in 1986, amounting to $1.029 billion.

TABLE 1.6
OPERATING AND MARKETING EXPENSES AND DEPRECIATION CHARGES
IN THE AGRICULTURAL SECTOR IN QUEBEC, FROM 1985 TO 1987

CATEGORIES	1985	1986(1)	1987(2)	CHANGE 1986/1985	CHANGE 1987/1986
		- '000$ -		- % -	
PROPERTY TAXES	21 938	22 671	23 601	3,3	4,1
RENT	20 948	21 565	22 163	2,9	2,8
WAGES	213 211	212 105	233 597	-0,5	10,1
DEBT SERVICE	246 550	254 968	260 068	3,4	2,0
MACHINERY MAINTENANCE	258 365	259 681	260 133	0,5	0,2
FERTILIZER AND LIME	154 668	151 588	140 078	-2,0	-7,6
OTHER EXPENDITURES ON CROPS	127 612	132 310	128 965	3,7	-2,5
LIVESTOCK FEED	612 852	575 091	551 800	-6,2	-4,0
OTHER LIVESTOCK EXPENDITURES	64 355	67 802	69 479	5,4	2,5
BUILDING REPAIRS	50 536	52 714	53 209	4,3	0,9
ELECTRICITY AND TELEPHONE	66 182	68 570	71 437	3,6	4,2
MISCELLANEOUS	148 405	146 594	149 845	-1,2	2,2
TOTAL - OPERATING	1 985 622	1 965 659	1 964 375	-1,0	-0,1
TOTAL - DEPRECIATION	251 916	254 946	247 591	1,2	-2,9
TOTAL - OPERATING AND DEPRECIATION	2 237 538	2 220 605	2 211 966	-0,8	-0,4
TOTAL - INSURANCE AND MARKETING (3)	244 839	274 988	285 148	12,3	3,7
TOTAL - OPERATING AND MARKETING EXPENSES AND DEPRECIATION CHARGES	2 482 377	2 495 593	2 497 114	0,5	0,1

(1) ESTIMATES.
(2) PROJECTIONS.
(3) INCLUDES CONTRIBUTIONS TO INCOME STABILIZATION PLANS AS WEEL AS SAMPLING, TRANSPORTATION AND PROMOTION COSTS IN THE DAIRY INDUSTRY.

SOURCES: - STATISTICS CANADA, FARM NET INCOME, CATALOGUE NUMBER 21-202.
- MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.

1.6.6 Québec agriculture within the Canadian scene[1]

In Canada, net earned income totalled $4.6 billion in 1986, up a substantial 19.4% over the preceding year. This reflects the combined effect of an increase of 1.5% in cash receipts and a drop of 2.8% in expenditures.

Cash receipts from vegetable products were down 3.5% in 1986. Lower prices and reduced volume of grain sales during calendar 1986, owing to poor harvests in previous years, reduced the potential for higher Canadian grain production in 1986. On the other hand, a 14.9% jump in revenue from pork sales was reflected in a 3.3% increase in receipts from animal product sales.

Compared to other provinces, Québec placed second in regard to net earned income, just behind Ontario, where net earned income came to $1.39 billion in 1986. Alberta ranked third in Canada, with net earned income of $706.6 million in 1986, followed by Saskatchewan with $635.9 million.

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1 These comparisons are based on the data published by Statistics Canada and Agriculture Canada for the agricultural outlook conference, held December 8 and 9, 1986.

TABLE 1.7
RESULTS OF AGRICULTURAL ACTIVITY
IN QUEBEC, FROM 1985 TO 1987

BREAKDOWN	1985	1986(1)	1987(2)	CHANGE 1986/1985	CHANGE 1987/1986
	- ' 000$ - (3)			- % -	
1. CASH RECEIPTS	3 316 200	3 466 806	3 482 312	4,5	0,4
2. SUPPLEMENTARY PAYMENTS(4)	31 250	4	37 500	N.A.	N.A.
3. REVENUE IN KIND	59 690	64 898	67 960	8,7	4,7
4. GROSS EARNED INCOME (1+2+3)	3 407 140	3 531 708	3 587 772	3,7	1,6
5. EXPENDITURES	2 482 377	2 495 594	2 497 113	0,5	0,1
6. NET EARNED INCOME (4-5)	924 763	1 036 114	1 090 659	12,0	5,3
7. CHANGE IN INVENTORIES	-13 248	-6 733	N.D.	-49,2	N.A.
8. TOTAL GROSS INCOME (4+7)	3 393 892	3 524 975	N.D.	3,9	N.A.
9. TOTAL NET INCOME (6+7)	911 515	1 029 381	N.D.	12,9	N.A.

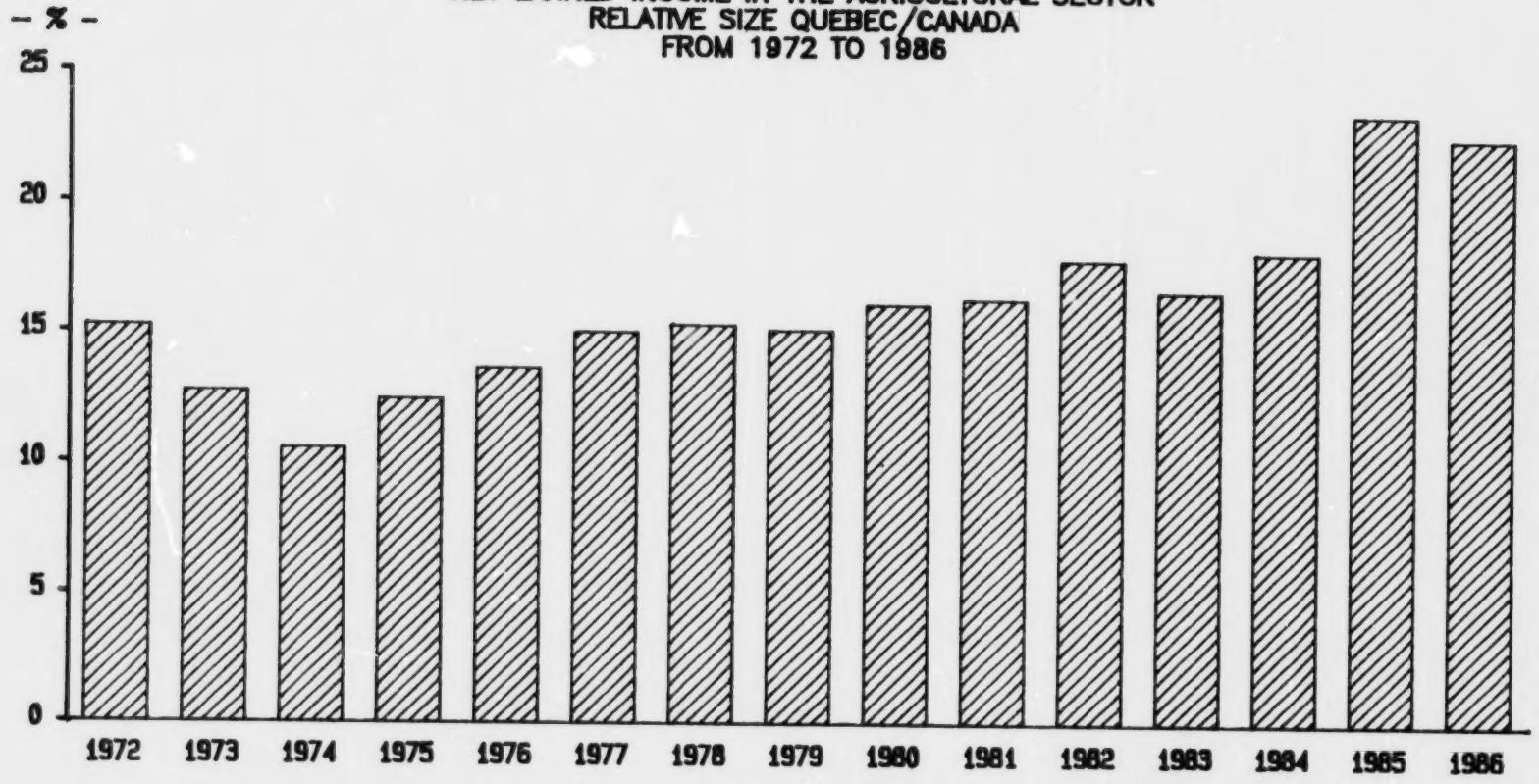
(1) ESTIMATES.
(2) PROJECTIONS.
(3) EXPRESSED IN CURRENT DOLLARS.
(4) IN 1985 AND 1986, SUPPLEMENTARY PAYMENTS WERE MADE UNDER THE SPECIAL ASSISTANCE PROGRAM FOR FODDER LOSSES IN QUEBEC IN 1983. IN 1987, PAYMENTS TOTALLING $37,5 MILLION ARE EXPECTED UNDER THE CANADIAN SPECIAL GRAIN PROGRAM.

SOURCES: - STATISTICS CANADA, FARM NET INCOME, CATALOGUE NUMBER 21-202.
- MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.

In Ontario, cash receipts from the sale of vegetable products rose 7.3% in 1986, under the impact of a 242% leap in tobacco sales. This dramatic increase is explained by the fact that sales of the 1985 and 1986 tobacco crops were recorded in 1986.

Turning to Alberta, net income rose as a result of a significant reduction in expenditures. The sharp drop in grain prices pushed animal feed expenditures down by over 33.6%. In addition, producers considerably reduced their equipment-related costs.

CHART 1.4
NET EARNED INCOME IN THE AGRICULTURAL SECTOR
RELATIVE SIZE QUEBEC/CANADA
FROM 1972 TO 1986



SOURCE: MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC,
DIRECTION DE LA PLANIFICATION, JANUARY 1987.

CHAPTER 2

AGRICULTURAL PRODUCTION IN QUÉBEC

2.1 Dairy production

Receipts from dairy production amounted to $1.21 billion in 1986, up by 2% over a year earlier. The change can be attributed to a slight increase in average milk prices, with total milk production reaching 2 837 637 kilolitres.

Less milk was used for consumption purposes, while quantities of milk used for industrial production of cheddar and fancy cheeses increased.

Early in 1986, the federal government renewed its policy on manufacturing milk. The extension of this policy, relieved anxiety among producers and gave gave added stability to the dairy sector .

The assistance program for milk-powder-based animal feed grew rapidly as many heavy veal breeders expanded their operations, thus contributing to higher demand for milk powder.

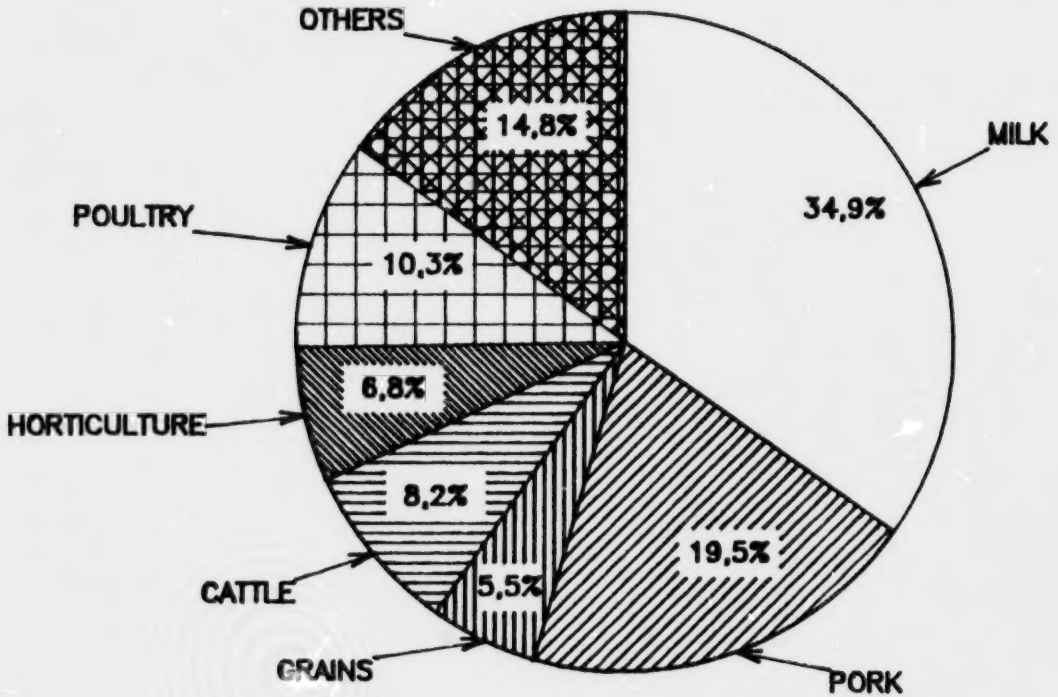
2.2 Meat and poultry production

In the United States, supplies of beef, pork and poultry amounted to 57 532 million pounds in 1986, a gain of 1% compared to a year earlier. For the second year in a row, poultry production was especially prominent in this increase, with a rise of 5.7%, while supplies of red meat dropped by almost 1%. In this regard, the 1.9% rise in supplies of beef did not entirely offset the drop of 5.4% in pork production. Higher beef production is mainly attributable to the rise in the number of dairy cattle slaughtered under the U.S. program to encourage producers to get out of dairy production.

In Canada in 1986, total production of red meat and poultry fell 1% compared to a year earlier. A 3% increase in poultry production did not make up for reductions of 1% in beef production and 5% in pork production.

In Québec, receipts in the beef, lamb, pork and poultry sectors totalled $1.23 billion in 1986, compared to $1.10 billion a year earlier, for an increase of 11.8%.

CHART 2.1
CASH RECEIPTS IN THE AGRICULTURAL SECTOR IN 1986
RELATIVE IMPORTANCE BY PRODUCT IN QUEBEC



SOURCE: MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.

Sales of red meat and poultry produced in Québec rose from 667 436 tonnes in 1985 to 671 659 tonnes. This marginal difference (0.6%) is attributable to a slight drop (-0.5%) in pork production which was offset by increases in sales of beef (4.1%) and poultry (3%).

The shrinking supply of pork throughout North America was reflected in a significant increase in pork prices. In Québec, although production was down slightly from the previous year, cash receipts grew by 18.7%, amounting to $676.3 million. The U.S. decision, taken in 1985, to apply countervailing duties solely on Canadian exports of live hogs considerably restricted Canadian sales of pork in the U.S. In Québec, the main impact of this decision was reflected in increased slaughtering of Ontario hogs in the province, since exports of live hogs from Québec to the U.S. were already modest.

The decrease in the size of the dairy herd in Québec generated an increase in beef supplies. A slightly higher slaughter weight combined with the rise in the number of head slaughtered produced an increase of 4.1% in total supplies. However, prices pulled back slightly, so that cash receipts were up by only 3.5%, reaching $211.7 million for 1986.

A further result of the drop in the number of dairy cattle was the fall in the number of slaughter calves available. Had it not been for an increase of 5.8% in average weight, supplies of veal would surely have fallen short of the 17 064 tonnes recorded, since the number of animals slaughtered was down by over 7%. This situation is attributable to increased production of heavy calves. However, the average price rose 5%, which should produce cash receipts of $71.8 million, up 3.2%.

The Ministère acted to support the development of heavy calves by undertaking promotion activities, while the Régie des assurances agricoles du Québec altered its rules for applying for income stabilization insurance in this sector.

Total production of poultry amounted to 182 251 tonnes in 1986. The number of chickens and hens slaughtered was up by 2.8%, while the increase for turkeys was 4.7%.

This growth in production in the chicken sector is below the annual growth rates posted in 1984 and 1985. The mediocre increase in 1986 can be attributed to slowed growth in demand. Nonetheless, the average price of chicken rose by 2.3%, while cash receipts were up by 5.4%.

Turkey production was up as a result of an increase in average slaughter weight. However, a 1.7% drop in the average price limited the value of sales in 1986 to $42.5 million, for an increase of 2.9% over the previous year.

2.3 Grain and fodder production

World grain production for animal feed will reach 830 million tonnes during the 1986-1987 harvest year. This is 17 million tonnes below last year's record harvest. However, large stocks and increased production in importing countries have forced exporting nations to accept low prices for their grain crops.

Despite the high level of participation in acreage reduction programs in the United States, yields were above those recorded in 1985. In addition, U.S. authorities responded to changes in farm policy by increasing short-term financial support for exports.

In Québec, despite an increase of 5.7% in grain acreage seeded in 1986, the harvest was down by 5.9%, at 2 621 000 tonnes. A general reduction in yields resulting from unfavourable weather conditions dragged production down. Crop insurance payments for the 1986 grain harvest are expected to reach $21 million.

The 16.5% jump in grain production in 1985 was reflected by an increase of 7.3% in grain sales during 1986. However, the 20% collapse in grain prices, which can be attributed to the trade war between the U.S. and its competitors, cut cash receipts in Québec by 13%. They amounted to $193.9 million in 1986.

2.4 Egg production

The value of egg sales in 1986 remained relatively stable, at $90.4 million. This was down by barely 1% over a year earlier. Lower prices were generally responsible for the difference.

The joint egg producers plan amended its rules, among other reasons, to permit the establishment of a private firm to market this product. Membership is voluntary, and the new firm, known as PRO-OEUFS, includes producers who wish to sell under a common trade name.

In the egg hatchery sector, Agriculture Canada has announced the formation of a National Egg Hatchery Marketing Board. To date, Québec, Ontario, Manitoba and Alberta have agreed to participate in the plan.

2.5 Horticultural products

Québec, Canada and the United States all harvested large potato crops in 1985. The resulting oversupplies were reflected in 1986 by a large drop in the price paid to Québec producers during the first eight months of the year. While sales surged 21.3% in volume, producer income rose 8.9%, reaching almost $39.9 million in 1986. Over the past year, operations in this sector increased their cooperation with their professional organization to set up POMEXPAN, a company which will market their product. This organization will develop markets for table potatoes and seed potatoes. Consultations were also undertaken in late 1986 with a view to setting up a Canadian potato marketing board.

A similar company, POMEXPER, was set up for apples. One of its objectives is to regulate supply and increase the quality of the product. Changes in buying habits resulting from the introduction of new imported species have significantly slowed the growth of McIntosh sales. However, weather conditions during the summer caused a drastic drop in apple production (-41.3%), and strong demand for the product pushed average prices up by 17.5%.

Berry production (strawberries, raspberries and blueberries) plunged 23.7% in 1986. However, price increases of 18.5% for strawberries, and 21.6% for blueberries limited the drop in cash receipts in this sector to 7.2%.

Receipts from the sale of field vegetables, greenhouse vegetables and mushrooms held steady in 1986 compared to a year earlier. The slump in the production of field vegetables was offset by an increase in sales of greenhouse vegetables and the opening of a new mushroom bed.

2.6 Other agricultural products

The low level of stocks together with stable production levels led to an increase of 38.2% in the average price of maple syrup. This strong increase in prices pushed maple producer incomes up 39.4%, for a total of $52.8 million in 1986. However, continuing maple tree losses are a concern for the future of this product. This led the Ministère to announce the establishment of a research centre to study the phenomenon.

A frost in autumn 1986 resulted in a substantial drop in tobacco production (-32.7%) for that year and, in spite of higher prices, receipts in this sector fell by 21.2%. Demand for this product continues to fall.

The shutdown of the Raffinerie de sucre du Québec in 1986 brought an end to sugar beet cultivation in Québec. In 1985, sales of this crop had amounted to only $1.2 million.

CHAPTER 3

THE PROCESSING AND DISTRIBUTION OF FOOD PRODUCTS

3.1 General situation

The value of shipments in Québec's food and beverage industry totalled $11.05 billion in 1986. Although this represents an increase of 1.2% over the previous year, the growth rate was lower than in the past. The value of shipments in this sector rose by 6.7% in 1984 and by 2% in 1985.

The financial situation of the food industry had improved considerably in 1985 following a decline in the cost of raw materials and energy prices. However, the profit margins of processing companies may have decreased over the past year as a result of a 4.9% increase in the price of animal products purchased as raw materials (compared to a 1.5% decrease in 1985) and a 6.5% rise in salaries. In Canada, such increases were quite substantial in sectors producing animal feed, baked goods and assorted food products. While energy costs fell in 1986 as a result of a decrease in the cost per barrel of oil, the price of packaging materials climbed 2.8%.

TABLE 3.1
KEY STATISTICS FOR QUEBEC'S FOOD AND BEVERAGE SECTOR
FROM 1984 TO 1986

ITEM	1984	1985(1)	1986(2)	CHANGE 1985/1984	CHANGE 1986/1985
		- '000 000$ -		- % -	
VALUE OF SHIPMENTS (TOTAL ACTIVITY) (3)	10 706,0	10 920,1	11 055,2	2,0	1,2
COST OF RAW MATERIALS AND ENERGY	7 426,4	*	*	**	**
VALUE ADDED (TOTAL ACTIVITY) (3)	3 142,1	3 277,2	*	4,3	**
JOBS (NUMBER)	55 320	57 500	58 000	3,9	0,9
VALUE OF SHIPMENTS (4) (MANUFACTURING ACTIVITY)	9 659,6	9 843,1	9 912,0	1,9	0,7
VALUE OF RETAIL SALES FOOD STORES	8 354,4	8 771,3	9 632,8	5,0	9,8
SELLING PRICE INDEX IN CANADIAN INDUSTRY (1981=100)	114,5	116,1	120,5	1,4	3,8
FOOD PRICE INDEX IN MONTREAL (1981=100)	116,1	120,2	128,4	3,5	6,8

* : NOT AVAILABLE.
** : NOT APPLICABLE.
(1) ESTIMATES.
(2) PROJECTIONS.
(3) ALSO INCLUDES MANUFACTURING SHIPMENTS AND CERTAIN OTHER ACTIVITIES SUCH AS THE PURCHASE AND RESALE OF PRODUCTS, CONSTRUCTION ON ONE'S OWN ACCOUNT, THE OPERATION OF CAFETERIAS, ETC.
(4) INCLUDES ONLY SHIPMENTS OF PRODUCTS MADE BY THE MANUFACTURER ITSELF.

SOURCES: - STATISTICS CANADA, VARIOUS CATALOGUES.
- BUREAU DE LA STATISTIQUE DU QUEBEC.
- MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.

The demand for food products (measured by retail sales in constant dollars) grew by 2.8% in 1986, compared to an increase of 1.4% the previous year. In all, the value of food store sales in current dollars rose from $8.77 billion in 1985 to $9.63 billion in 1986.

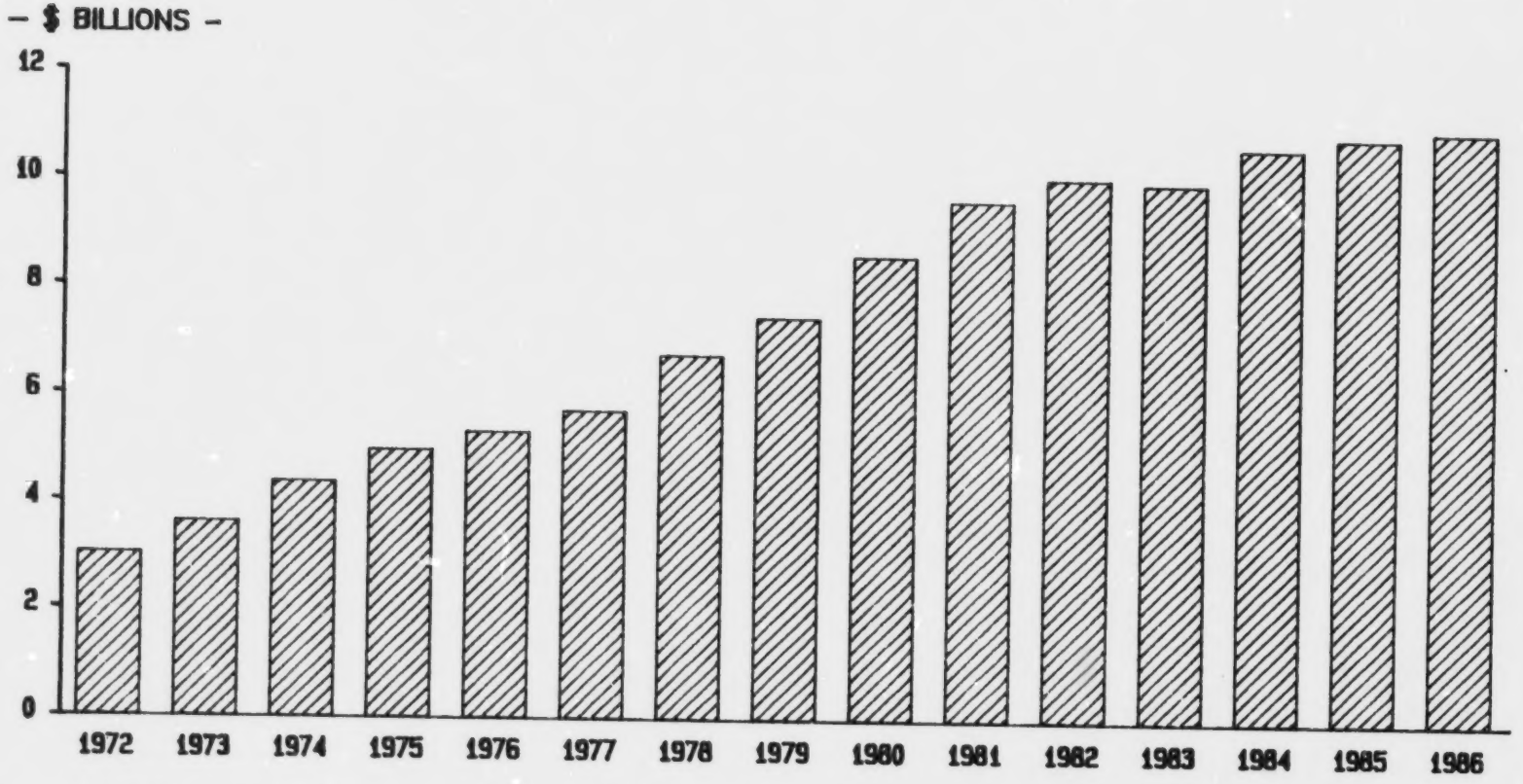
For the fourth year in a row, Québec's food and beverage sector increased its capital investments and spending on repairs. Expenditures are estimated at $348.8 million dollars in 1986, in comparison with $338.8 million in 1985 and $335.5 million in 1984.

3.2 The situation in each sector

3.2.1 The milk processing sector

Despite the stability of global milk supplies, patterns of milk use changed in 1986. The steadiness of prices on the domestic market led to an increase in the demand for cheddar cheese, while Québec cheese maintained its excellent performance on the specialty cheese market. As a result, during the first eight months of 1986, there was a 6.5% increase in the production of cheddar and an increase of more than 20.2% in the production of fine cheese over the same period in 1985. In addition, the production of ice-cream mixes and yogurt rose by 12.8% and 13.4% respectively.

CHART 3.1
VALUE OF SHIPMENTS IN THE FOOD AND BEVERAGE SECTOR
IN QUEBEC FROM 1972 TO 1986



SOURCE: MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC,
DIRECTION DE LA PLANIFICATION, JANUARY 1987.

Despite the federal decision to no longer defray butter storage charges, butter production increased by 9.3% in Québec over the first eight months of 1986. Butter stocks decreased by 16.3% in August, 1986 , compared to the same month in 1985. Algeria's decision to replace its evaporated milk imports with powdered whole milk led to a decrease of over 47.3% in the production of whole evaporated milk in Québec.

As far as the fluid milk used by dairies is concerned, sales of homogenized milk declined by 8.1%, while those of partly skimmed milk rose by less than 1%. In all, milk sales (excluding cream) by dairies dropped by 3.2% during the first eight months of 1986.

Over the past year, milk processing firms have expanded their operations by buying other companies. Agropur took over the Choix-Unic group, which owned Laiterie de Choix and Crèmerie Unic. As a result of these purchases, it will be able to penetrate the Eastern Québec market, from which it has been more or less excluded up to now. On account of certain quality problems encountered by La Ferme Saint-Laurent, the Purdel cooperative purchased the company in order to gain a foothold in the Montréal market. The stable demand for milk products has promoted the oligopolistic nature of the dairy

TABLE 3.2
VALUE OF MANUFACTURING SHIPMENTS PER SECTOR
IN THE FOOD AND BEVERAGE INDUSTRY
IN QUEBEC FROM 1982 TO 1984

SECTOR	1982	1983	1984	CHANGE 1983/1982	CHANGE 1984/1983
	- '000 000$ -			- % -	
MEAT AND POULTRY	2 352,8	2 361,8	2 526,5	0,4	7,0
FISH PROCESSING	100,6	131,0	108,3	30,2	-17,3
FRUIT AND VEGETABLE PROCESSING	286,2	300,7	344,3	5,1	14,5
DAIRY PRODUCTS	2 196,9	2 292,6	2 533,8	4,4	10,5
TABLE CEREALS AND FLOUR	222,9	*	211,5	**	**
ANIMAL FEED	959,0	910,3	915,5	-5,1	0,6
BAKED GOODS AND PASTRIES	685,1	661,0	668,1	-3,5	1,1
CONFECTIONERY	185,1	*	177,9	**	**
SUGAR PROCESSING	*	*	*	**	**
VEGETABLE OIL MILLS	*	*	*	**	**
ASSORTED PRODUCT PROCESSING	*	*	*	**	**
MISC. FOOD INDUSTRIES	1 002,9	*	826,9	**	**
TOTAL - FOODS	7 806,4	7 854,9	8 481,2	0,6	8,0
SOFT DRINK MANUFACTURERS	326,2	352,1	397,0	7,9	12,8
DISTILLERIES	187,7	194,1	197,1	3,4	1,5
BREWERIES	477,5	495,4	536,8	3,7	8,4
WINE PRODUCERS	34,4	35,3	44,5	2,6	26,1
TOTAL - BEVERAGES	1 025,8	1 076,9	1 175,4	5,0	9,1
FOOD AND BEVERAGE INDUSTRY	8 832,2	8 931,8	9 656,6	1,1	8,1

* : NOT AVAILABLE.
** : NOT APPLICABLE.

SOURCES: - STATISTICS CANADA, CANADIAN MANUFACTURING INDUSTRIES, CATALOGUE NUMBER 31-203.
- MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.

industry and has encouraged firms to diversify their operations outside their normal sphere of activity. Purdel has joined forces with a Sept-Iles firm to form Alipêche, a marine product processing firm, while Agrinove has bought a spring water bottling company.

3.2.2 The meat and poultry industry

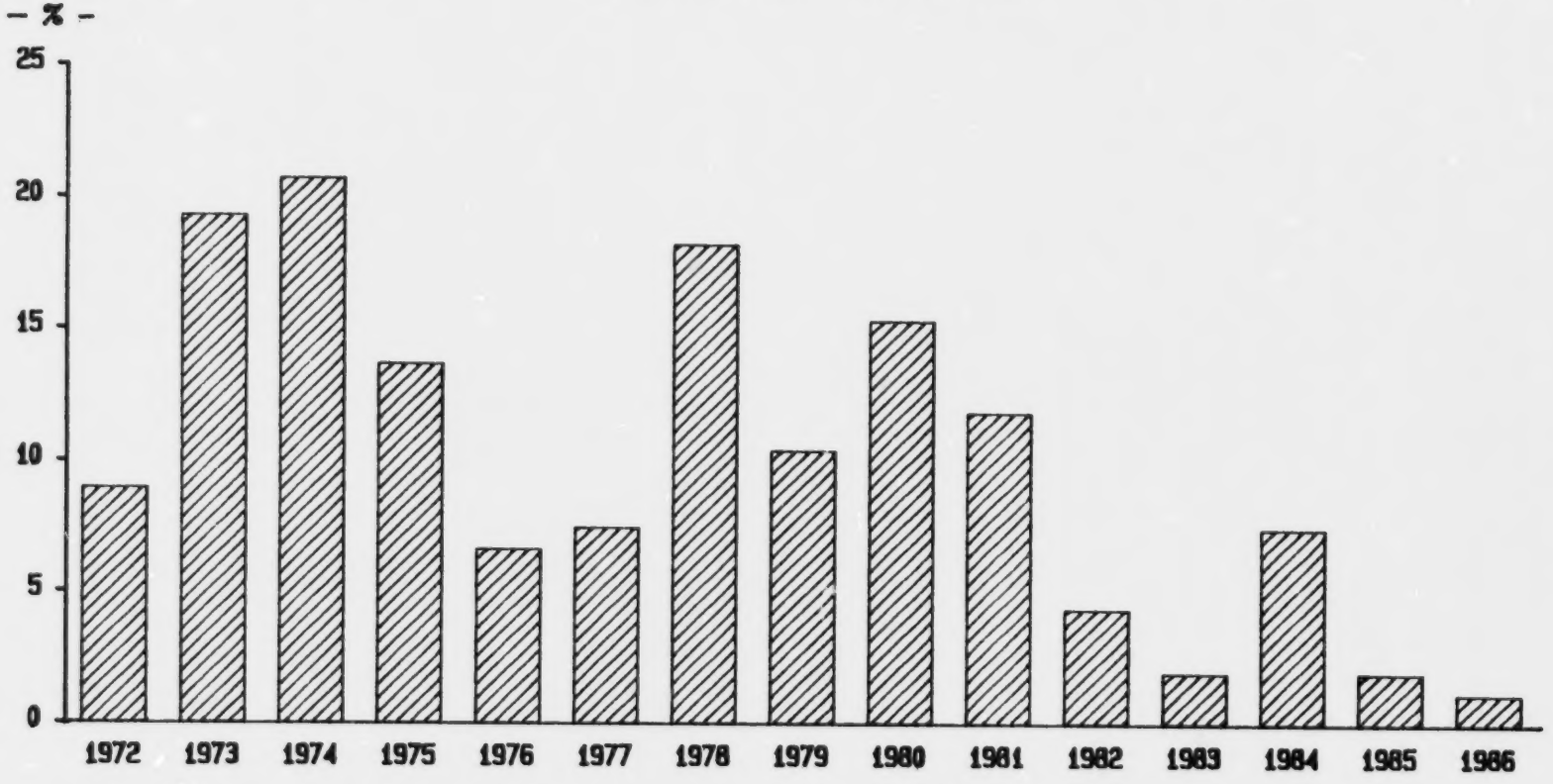
While cattle slaughtering increased in Québec by 8.8% in 1986, the number of pigs, sheep and calves killed declined by 2.2%, 4.6% and 3.6% respectively. Chicken slaughtering rose by 2.5% while that of turkeys remained unchanged.

During the first nine months of 1986, manufacturing shipments for the industry as a whole increased by 4.7% over the previous year. While the value of sales in the meat industry rose by 5.2%, that of sales in the poultry processing industry increased by only 2.2%.

The substantial increase in the price of pork was also reflected in the value of Québec exports. Over the first nine months of 1986, exports in the meat and poultry processing and packing sector rose by 20.2%, while pork exports alone jumped 34.6%.

The slaughtering of dairy cattle in the United States, as a result of the Program to encourage producers to get

CHART 3.2
VALUE OF SHIPMENTS IN THE FOOD AND BEVERAGE SECTOR
ANNUAL CHANGE IN PERCENTAGE
IN QUEBEC FROM 1972 TO 1986



SOURCE: MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC,
DIRECTION DE LA PLANIFICATION, JANUARY 1987.

out of dairy farming, seems to have led to a decline in our exports of frozen and fresh, boned beef. Exports of this product decreased from 17 390 tonnes in 1985 to 13 980 tonnes during the first nine months of 1986.

3.2.3 Feed industry

For the second year in a row, selling prices were down in the feed industry. They dropped by 2.3% in 1986 compared with 6% the previous year. This phenomenon can be attributed to a major reduction in the cost of the feed grains used as raw material.

The reduction in selling prices was reflected by an 8.5% decline in the value of shipments by the feed industry over the first three quarters of 1986. The stability of pig and cattle populations in Québec since 1982, combined with an increase in the number of mills on farms, has led to decrease in the volume of shipments by the industry.

For the fifth year in a row, this sector has exhibited caution in regard to the future by cutting back on its investments. Totalling $24.7 million in 1985, they fell to $22.5 million in 1986.

TABLE 3.3
VALUE OF INTERNATIONAL EXPORTS LOADED IN QUEBEC
PER SECTOR IN THE FOOD AND BEVERAGE INDUSTRY
IN 1985 AND 1986

SECTOR	1985	1986(1)	CHANGE 1986/1985
	- '000 000$ -		- % -
MEAT AND POULTRY	451,4	542,4	20,2
FISH PROCESSING	110,0	155,6	41,5
FRUIT AND VEGETABLE PROCESSING	34,7	41,1	18,4
DAIRY PRODUCTS	186,6	165,6	-11,3
TABLE CEREALS AND FLOUR	39,4	45,0	14,2
ANIMAL FEED	25,2	27,5	9,1
BAKED GOODS AND PASTRIES	21,5	20,1	-6,5
MISC. FOOD INDUSTRIES	124,4	151,8	22,0
CONFECTIONERY	44,7	54,6	22,1
SUGAR PROCESSING	7,7	14,2	84,4
VEGETABLE OIL MILLS	14,9	5,5	-63,1
ASSORTED PRODUCT PROCESSING	57,1	77,5	35,7
TOTAL - FOODS	993,2	1 149,1	15,7
SOFT DRINK MANUFACTURERS	4,3	4,9	14,0
DISTILLERIES	70,3	62,3	-11,4
BREWERIES	30,0	33,0	10,0
WINE PRODUCERS	0,4	1,2	200,0
TOTAL - BEVERAGES	105,0	101,4	-3,4
FOOD AND BEVERAGE INDUSTRY	1 098,2	1 250,5	13,9
TOBACCO INDUSTRY	6,0	12,2	103,3

(1) PROJECTIONS BASED ON THE CUMULATIVE VALUES OF THE FIRST NINE MONTHS OF THE YEAR.

SOURCES: - BUREAU DE LA STATISTIQUE DU QUEBEC, INTERNATIONAL EXPORTS LOADED IN QUEBEC.
- MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.

3.2.4 The beverage industry

The value of shipments in the beverage industry was up by 4.4% in 1986. This represents a 3.6% increase over the previous year. However, on the whole, the financial situation of this sector is somewhat difficult, except in the case of soft drink and wine production.

For example, even though the brewing sector has enjoyed a 2.8% increase in the value of its shipments, the demand for its products has remained stagnant. Moreover, it has been obliged to spend more on advertizing and promotion.

Although the wine producing sector accounts for only 4% of the total value of shipments in the beverage industry, its shipments increased by over 25.5% during the first nine months of 1986.

The soft drink industry has proven to be another dynamic sector. In 1986, its sales were up by 7% while selling prices rose by only 1.5%. Its growth can be attributed to increased soft drink sales as a result of advertizing campaigns and the more rapid development of the bottled water sector.

On account of the construction of a new mineral water bottling plant in Québec, the beverage industry increased its

investments by 4.1% in 1986. They had dropped by 9.6% the previous year.

3.3 Food product distribution

During the first nine months of 1986, retail sales of food stores rose by 9.8% in comparison with the same period the previous year. If price effects are excluded, the real increase in sales amounts to 2.8%.

In 1985, the value of sales by food retailers totalled $8.7 billion in Québec. Over 68% of the sales were made by combination stores (groceries and meat), while convenience stores captured 22.2% of the market. Specialty food stores accounted for the remainder of the sales.

In 1986, large food chains began competing in areas other than the retail trade. They abandoned the practice of generalized discounts adopted in 1983 and began to take over other companies. Faced with a relatively stable retail market, they pursued even more energetically their integration and diversification policies.

In 1986, Provigo underwent considerable expansion. It took over a number of marine product, and fruit and vegetable wholesalers and even some outfits supplying institutions and the restaurant and hotel trades. This firm had previously

diversified its operations by developing the sale of pharmaceutical products. In 1986, it continued to diversify its activities on a regional basis by setting up a network of convenience stores in Ontario.

Like Provigo, the Epiciers Unis Métro-Richelieu group has purchased a chain of pharmacies and plans to diversify its operations by selling health and beauty products. This firm, which is about to become a public company, has started issuing shares, and it might use some of its funds to expand by purchasing other companies.

By taking over Aligro Inc., Steinberg has acquired a major wholesale distributor of food products. It has continued to implement its rationalization program by closing some of its branches or putting them up for sale.

Super Carnaval has continued to expand in both Québec and Ontario, and it was planning to open two other supermarkets at the end of 1986.

The stagnation of the retail business has led to a decline in capital investments over the past few years. Totalling $36.5 million in 1982, they amounted to only $17.8 million in 1986. Nevertheless, companies in this sector continue to experiment with new arrangements for the interior of their establishments.

CHAPTER 4

PRODUCTION AND PROCESSING OF FISH PRODUCTS

4.1 Activities in the fisheries sector outside Québec

Total landings of fish, molluscs and shellfish on the Atlantic Coast of Canada amounted to 958 255 tonnes for September 1986, up 4.3% from the same period the previous year. Landed value of the catch totalled to $598.4 million[1], an increase of 24.4% between September 1985 and September 1986.

Atlantic Coast processing plants increased production by 5.4%, reaching 273 633 tonnes for the first seven months of 1986. Frozen products (whole or dressed fish, fillets, blocks, sticks, etc.) marked a strong upward trend (38.7%) reaching 171 731 tonnes, while the volume of molluscs and shellfish (meat or in the shell) increased by 1 042 tonnes, to 20 201 tonnes. Green wet salted fish [vert] decreased by 28.3% to 30 936 tonnes. At the end of July 1986, processed fish stocks were down 22.9% from the same period the previous year.

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1 Excluding the landed value of herring.

TABLE 4.1
VOLUME AND VALUE OF CATCHES FOR QUEBEC FISHERIES PRODUCTS
1984 - 1986

SPECIES	1984	1985	1986(1)	CHANGES 1985/1984	CHANGES 1986/1985
VOLUME OF CATCHES	- TONNES - (2)			- % -	
COD	37 573	41 865	33 647	11,4	-19,6
REDFISH	13 855	9 268	9 698	-33,1	4,6
ATLANTIC HALIBUT	67	132	201	97,0	52,3
GREENLAND HALIBUT	1 510	2 018	6 159	33,6	205,2
FLOUNDER	2 655	3 467	4 424	30,6	27,6
HERRING	2 888	3 342	3 850	15,7	15,2
MACKEREL	2 231	2 178	2 928	-2,4	34,4
EEL	302	344	-	13,9	-
SHRIMP	5 278	6 539	6 363	23,9	-2,7
CRAB	12 766	15 301	14 762	19,9	-3,5
LOBSTER	1 875	2 137	2 255	14,0	5,5
SCALLOPS	1 102	1 304	1 044	18,3	-19,9
OTHER SPECIES	1 775	2 294	2 359	29,2	2,8
TOTAL	83 877	90 189	87 690	7,5	-2,8
VALUE OF CATCHES	- '000$ -			- % -	
COD	14 688	18 319	16 858	24,7	-8,0
REDFISH	3 153	2 062	2 248	-34,6	9,0
ATLANTIC HALIBUT	188	419	529	122,9	26,3
GREENLAND HALIBUT	884	1 278	4 942	44,6	286,7
FLOUNDER	1 048	1 584	2 689	51,1	69,8
HERRING	660	878	1 023	33,0	16,5
MACKEREL	682	643	817	-5,7	27,1
EEL	780	1 136	-	45,6	-
SHRIMP	6 990	8 764	10 891	25,4	24,3
CRAB	15 344	17 495	25 740	14,0	47,1
LOBSTER	9 357	11 433	13 504	22,2	18,1
SCALLOPS	1 618	1 832	1 490	13,2	-18,7
OTHER SPECIES	1 145	1 846	1 276	61,2	-30,9
TOTAL	56 537	67 689	82 007	19,7	21,2

(1) PRELIMINARY FIGURES.
(2) VOLUME IS IN LIVE WEIGHT.

SOURCES: - FISHERIES AND OCEANS CANADA, QUEBEC MARINE FISHERIES, ANNUAL STATISTICAL REVIEW AND LANDINGS MONTHLY STATISTICS BY SPECIES.
- MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.

4.2 Production in the Québec fisheries sector

4.2.1 Sea fisheries

Preliminary figures for Québec's 1986 fishing season show a slight decrease in catches, but a marked increase in value. Although the landed volume slid compared to the previous year--87 690 tonnes[1] in 1986 compared to 90 189 tonnes in 1985 (a decrease of 2.8%)--the landed value climbed from $67.7 million in 1985 to $82 million in 1986, up 21.2%.

Groundfish, the most important group in terms of volume, was down 4.3% in 1986, settling at 54 854 tonnes. However, the landed value increased by 15.4%, reaching $27.5 million.

Molluscs and shellfish, the second most important group, registered a 1.9% decrease in volume--25 969 tonnes in 1986 against 26 466 tonnes in 1985. Its landed value increased by 30.6% during 1986, reaching $52.5 million. It is interesting to note that this group accounted for 63% of the total landed value for 1986, up from preceding years during which it represented only 59.4% and 59.8% (1985 and 1984 respectively) of the total value.

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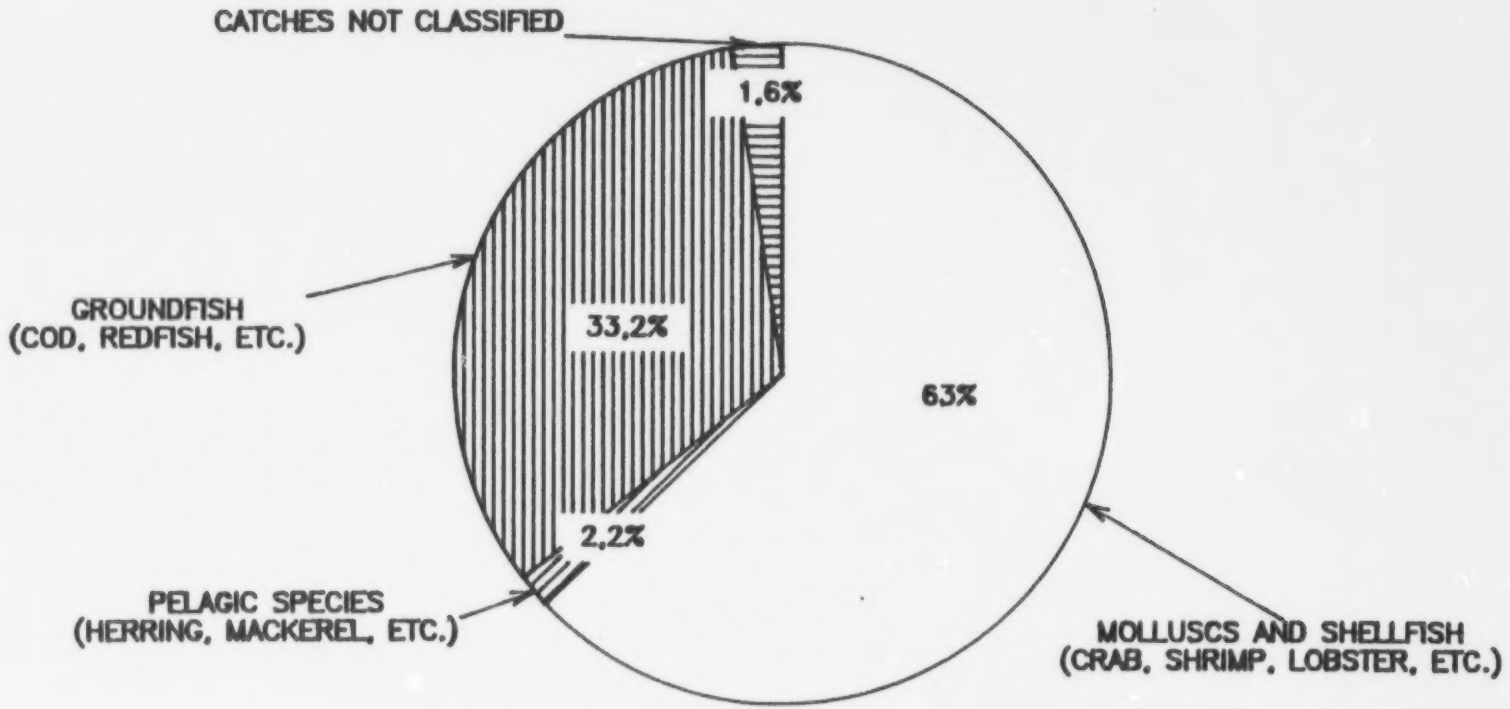
[1] All landed volumes are in live weight unless otherwise indicated.

CHART 4.1
LANDED VALUE IN THE MARITIME FISHERIES SECTOR (1986)
COMPARATIVE SIZE OF CATCHES OF MAJOR SPECIES IN QUEBEC

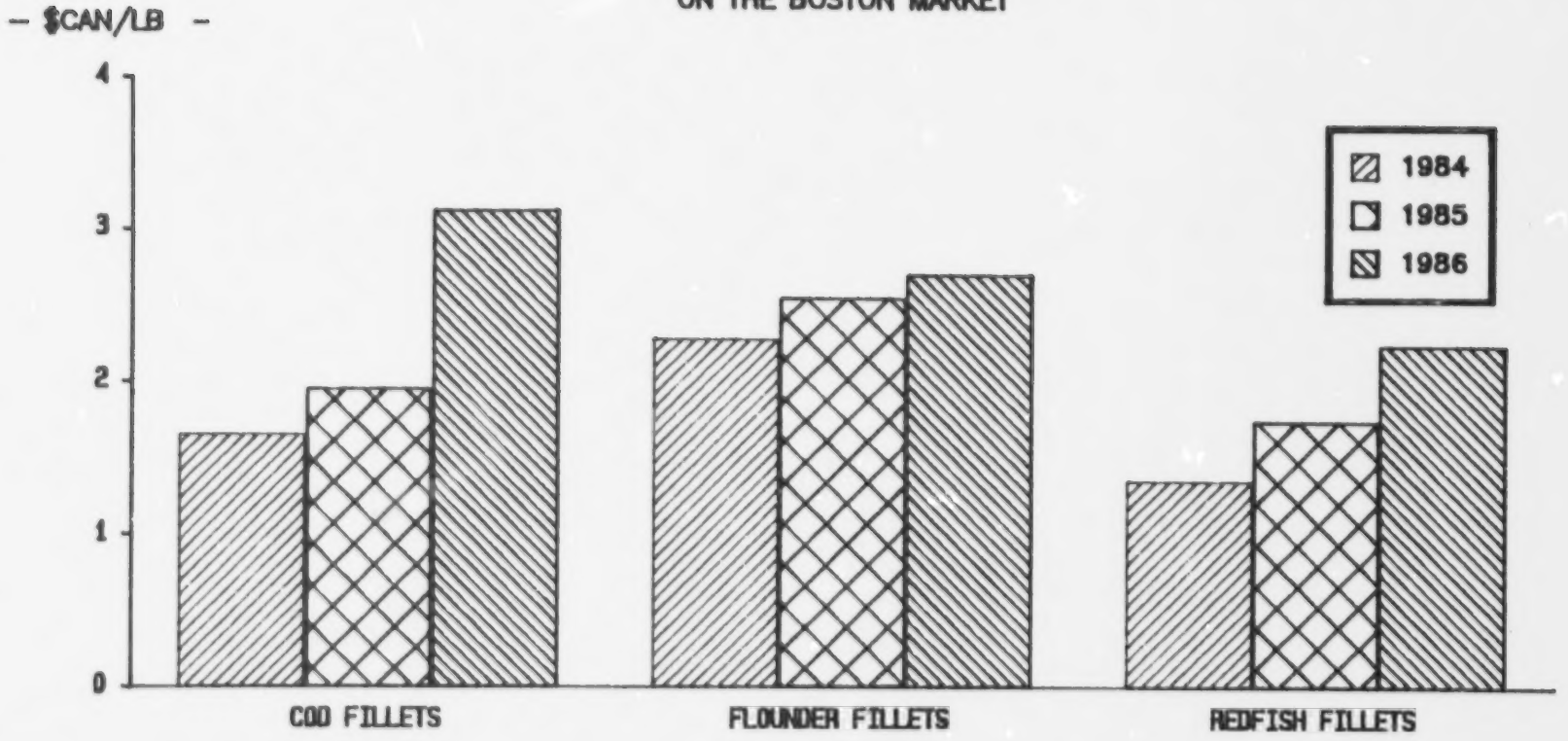


SOURCE: MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.

For the second year in a row, snow crab registered the highest landed value per species, totalling $25.7 million, up 47.1% from 1985. Traditionally, cod was the largest contributor to the total value. Regional distribution of crab landings shows a sharp decrease in catches for the Iles-de-la-Madeleine. The 1 496 tonnes recorded represents a little over half of the catches for 1985. Persistent adverse weather conditions early in the season caused a shortfall in the catch, which could not be offset by a one-week extension of the fishing season. Luckily, a 17.6%-increase (1 233 tonnes) in catches for the Gaspésie compensated for the decrease in the Iles-de-la-Madeleine.

Among the other major species, cod catches dropped 19.6%, or 8 218 tonnes, over 1985, while shrimp and scallop catches slid by 2.7% and 19.9% respectively. As in the case of crab, the Iles-de-la-Madeleine suffered the sharpest downturn in scallop catches--42.4%, or 232 tonnes, out of a total decrease of 260 tonnes for all of Québec. Cod fishing using fixed gear was especially difficult. Fishermen were unable to reach their quotas and so switched to using mobile gear. Lobster and redfish recorded increases of 5.5% and 4.6% in catch volume; however, the redfish harvest marked a 30% decrease over 1984.

CHART 4.2
AVERAGE PRICE OF FISH FILLETS
ON THE BOSTON MARKET



MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC,
DIRECTION DE LA PLANIFICATION, JANUARY 1987.

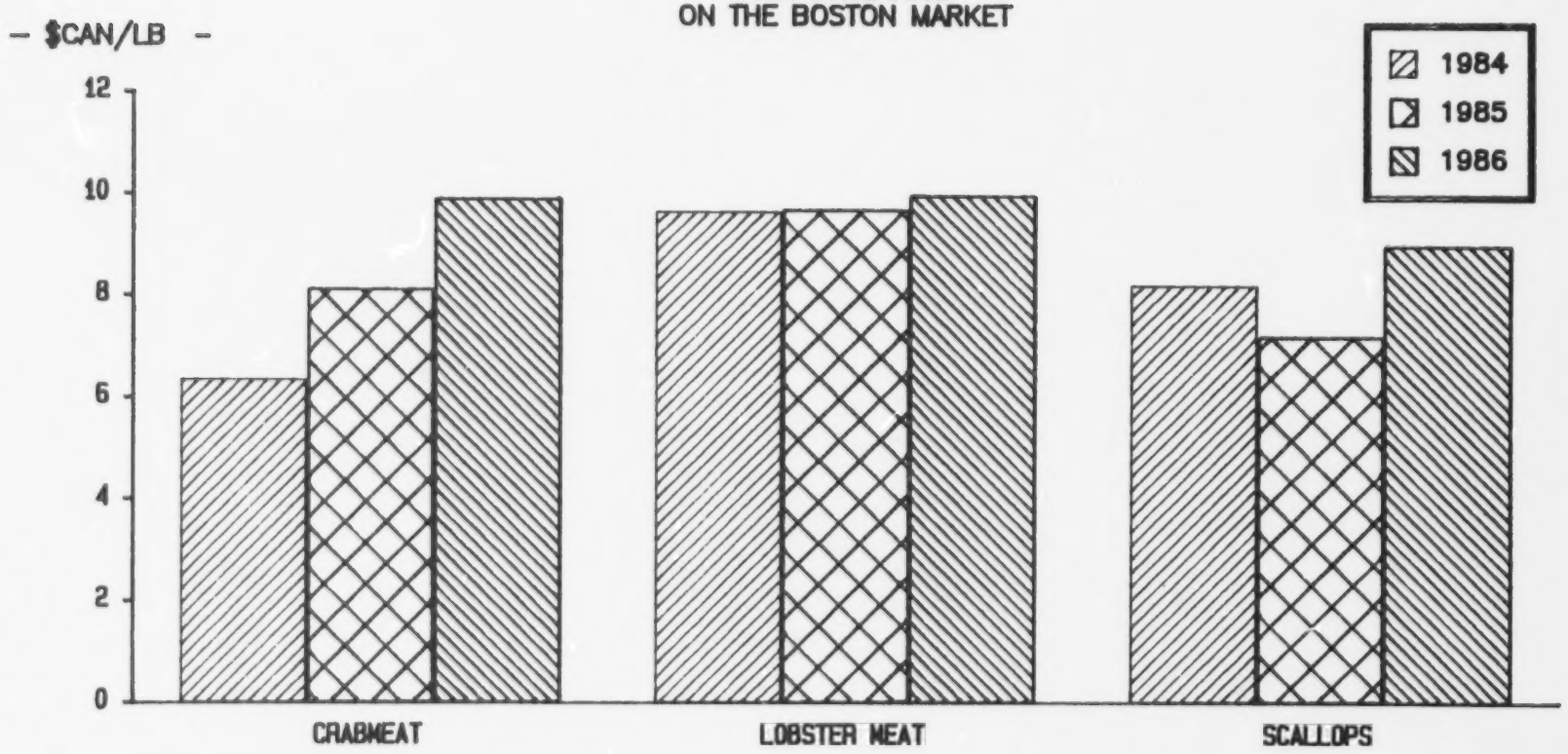
Landed prices for nearly all species of fish skyrocketed during 1986: 52.2% ($1.14 to $1.74/kg) for crab; 33% (46 cents to 61 cents/kg) for flounder; 27.7% ($1.34 to $1.71/kg) for shrimp; 14.5% (44 cents to 50 cents/kg) for cod; and 11.9% ($5.35 to $5.99/kg) for lobster, to give a few examples. Prices for redfish, mackerel and scallops more or less matched those for the last three years, while that for Atlantic halibut fell 17.1% to $2.63/kg.

After several years of hard work, commercial fish culture in Québec is showing results. One business in the Iles-de-la-Madeleine was able to market some 50 tonnes of farmed mussels, while a Gaspésie firm marketed 5 000 reared salmon.

The groundwork is currently being laid for scallop farming in sheltered bays along the Côte-Nord. The future of this industry is promising.

New types of fishing vessels are being built: Solmer Marine Inc. has taken possession of the Gaspé shipyard and plans to build a new 65-foot steel stern trawler with covered deck. Manley Shipyard of Vancouver reopened the Paspébiac shipyard, which was closed for twenty years. Under the aegis of the subsidiary "Les Chantiers Maritimes de Paspébiac," the shipyard is busy once again building 65-foot, all-steel crabbers capable of storing catches in chilled saltwater holds.

CHART 4.4
AVERAGE PRICE FOR OTHER
FISH PRODUCTS
ON THE BOSTON MARKET



MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC,
DIRECTION DE LA PLANIFICATION, JANUARY 1987.

4.2.2 Commercial fishing in inland waters

Following a decision by the Conseil des ministres, the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec has been distributing commercial freshwater fishing licenses since 1985. These licenses add to the list of those distributed for tidewater anadromous species (smelt, speckled trout, salmon, etc.) and catadromous species (eel).

In 1985, the Direction de la recherche scientifique et technique, in conjunction with the Direction de la protection and in agreement with the Ministère du Loisir, de la Chasse et de la Pêche, established a data collection system for Québec fishermen harvesting on the St. Lawrence seaway and estuary, and in the Côte-Nord and Abitibi-Témiscamingue regions.

According to preliminary figures, inland fish catches totalled 1 040.2 tonnes in 1986, the chief species being catfish (359.2 tonnes), perch (226.6 tonnes), eel (170.4 tonnes) and yellow sturgeon (134.2 tonnes).

TABLE 4.2
CHIEF FIGURES FOR FISH PROCESSING ACTIVITIES IN QUEBEC
1984 - 1986

BREAKDOWN	1984	1985	1986	CHANGES 1985/1984	CHANGES 1986/1985
		- '000 000$ -		- % -	
VALUE OF DELIVERY (TOTAL ACTIVITY) (1)	121,9	143,3	172,1	17,6	20,1
COST OF RAW MATERIALS AND ENERGY	81,6	*	*	**	**
VALUE ADDED (TOTAL ACTIVITY)	39,7	*	*	**	**
EMPLOYMENT (NUMBER)	1 859	*	*	**	**
SALES PRICE INDEX FOR CANADIAN INDUSTRY (1981=100)	107,8	112,2	121,0	4,1	7,8

* : NOT AVAILABLE.
** : NOT APPLICABLE.
(1) ALSO INCLUDES FACTORY DELIVERIES, OTHER ACTIVITIES SUCH AS THE BUYING AND SELLING OF PRODUCTS, CONSTRUCTION BY AN AGENCY FOR ITS OWN BENEFIT, OPERATING CAFETERIAS, ETC.

SOURCES: - STATISTICS CANADA, VARIOUS CATALOGUES.
- MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.

4.3 Seafood products processing industry

In 1986, the value of delivery for Québec processors of sea products--for plants located both on the coast and inland--could increase by 20.1%, reaching $172.1 million.

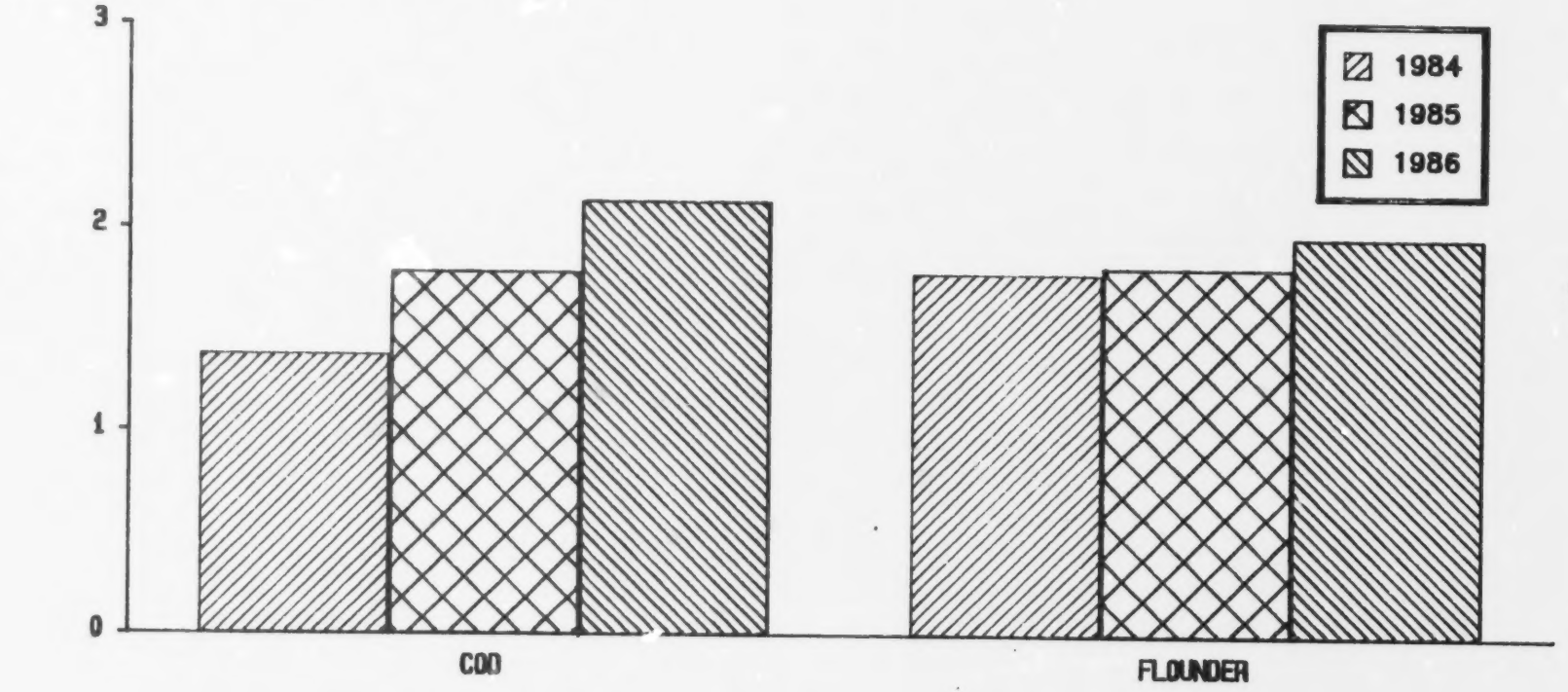
This performance is a result of higher prices and a decrease in fish stocks. In terms of volume, however, production remains relatively unchanged. Bear in mind that, in 1984, the Québec fish processing industry had experienced a drop of 7% in the value of total deliveries, then picked up in 1985 with a 17.6% increase.

The value of exported fishery products loaded in Québec during the first nine months of 1986 was up 41.3% from the same period the previous year, climbing from $80.3 million to $113.5 million. The various fish products accounted for $46.1 million while molluscs and shellfish totalled $63.0 million in exports. Among the chief products are all forms of salt cod ($11.3 million); cod blocks and slabs ($7.3 million); fresh or frozen crab and shrimp ($39.9 million and $9.5 million respectively).

Prices for products sold on the Boston market were excellent in 1986. Cod blocks were among the best sellers, getting at C$2.14/lb in late December, compared to C$1.79 in December 1985, an increase of 19.8%. The price of five-pound

packages of boned cod fillets gained 59.7%, reaching C$3.13/lb. In the mollusc and shellfish group, scallops were up 24.7%, selling at C$9.00/lb and crab meat rose 21.8%, selling at C$9.92/lb. U.S. consumption of sea products climbed from 13.7 pounds per person in 1984 to 14.5 pounds in 1985 and 15.5 pounds in 1986. If the sharp rise in prices does not alter this trend, U.S. consumption could reach 19 pounds per person by 1990.

CHART 4.3
AVERAGE PRICE OF BLOCKS
ON THE BOSTON MARKET



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DIRECTION DE LA PLANIFICATION, JANUARY 1987.

CHAPTER 5

ECONOMIC OUTLOOK FOR 1987 IN THE AGRICULTURE, FISHERIES AND FOOD SECTOR

The agricultural situation in 1986 was largely dominated by the immediate aftereffects of the U.S. "Food Security Act," passed in December 1985. More than a simple modification to existing legislation, the "Farm Bill," as it is better known, gives a new direction to U.S. policy.

Since 1980, the United States had been holding market grain prices at higher levels than they would have supported had there been no system of loans and assistance. Recognizing that overproduction was worldwide and foreign markets were glutted, the United States and the European Economic Community (E.E.C.) found themselves forced to take a close look at their agricultural programs, which had begun to put a strain on public finances.

Conscious of continuing production surpluses, the United States favoured policies designed to reduce long-term production capacity and measures which, in the short term, would reduce stocks while increasing consumption of U.S. grain.

It was partly under these circumstances that the "trade war" developed between the United States and its trade partners. Added to this were the difficulties in finding foreign buyers for U.S. goods given a high U.S. dollar, the entry of Spain and Portugal into the E.E.C., which all but dried up foreign outlets to U.S. oilseed producers, and the financial problems weighing on many U.S. farmers.

1987 should see a resurgence of the trade war on world grain markets along with inprovement in the financial situation of many farmers.

5.1 Outlook for the agriculture and fisheries sectors outside Québec

During the next harvest year, U.S. grain production for livestock feed could go down by 10%. It is therefore hoped that acreages sown with grain corn will decrease by 20% under a sowing-reduction program. Given normal weather conditions, corn production could total 7 billion bushels in 1987 compared to 8.2 billion bushels the preceding year. However, and unless there is a significant increase in domestic demand, a surplus situation could continue, given the weakness of export markets. Indeed, many foreign producers (India, Pakistan and eastern European countries) have reached a significant level of self-sufficiency in grain for livestock feed; others such as China could become new competitors on world markets.

Authorities in the United States might therefore decide to "stimulate" foreign demand for U.S. grain by granting export "bonuses" or by increasing credits to countries buying U.S. products, unless the recent drop in the U.S. dollar against European currencies brings about an increase in the U.S. share of the export market.

On the domestic market in 1987, the United States government could be tempted to reduce grain surpluses by allowing the sale of part of its livestock feed reserves.

At present, meat and poultry production for 1987 is estimated at 56.9 million tonnes, a drop of 0.7% compared to that of 1986. Thus, apart from a rise of 7.7% in poultry production, the overall volume of red meat production would fall by 4.6%.

In 1987, U.S. beef production could drop by 6.7%, a large part of this decrease coming in the fourth quarter of 1987. For the first time, poultry consumption per capita will be higher than that of beef.

Despite growth in pork production profits since June 1986, an increase in breeder pigs has not yet been registered. The delay between increased profitability and a

rise in production could be put down to a cautious position of lenders and the still very precarious financial situation of many pork farmers. Consequently, pork production in 1987 may well be identical to that of 1986.

Production of broiler chickens increased 4.5% in 1986, while that of turkeys rose 12%. In 1987, operational costs remaining low, a continued increase in chicken and turkey production can be expected. This rise could amount to 6% for broiler chickens and climb as high as 16% for turkeys.

Stable pork supply for much of 1987 and a reduction in beef production should result in an average price rise for these products. On the other hand, increased poultry production should slow any appreciable price increase.

E.E.C. countries have major surpluses in dairy products and beef. Costs tied to the Common Agricultural Policy are becoming more and more significant. Numerous proposals have been made to reduce these surpluses as well as production capacities. However, several measures have given rise to major differences in the special interests of member nations.

In Canada, the trade war being waged by the E.E.C. and the United States had a major impact on the price of grain and the income of grain producers in 1986. The government plans to spend close to one billion dollars in 1987 to compensate Canadian producers for their losses. It is anticipated, however, that the continuation of U.S. policies will lead to a new drop in grain prices.

Moreover, the highly protectionist attitude in Washington has created a number of trade conflicts between Canada and its neighbour. Thus, various U.S. spokesmen for agricultural and fishing interests have lodged complaints with U.S. authorities demanding protection.

Pork, red meats, Christmas trees, some vegetables, salted or dried fish and fresh groundfish have all been, or will be investigated. Although in many cases these inquiries do not lead to sanctions, they always succeed in creating a climate of insecurity for the producers of the products concerned.

5.2 Agricultural outlook in Québec

In 1987, Québec agriculture will again be subject to the major trends of the U.S. agricultural economy, while, at the same time, following its own direction.

TABLE 5.1
PERCENTAGE OF CHANGE IN PRICE, VOLUME
AND CASH RECEIPTS(1)
FOR QUEBEC IN 1987

PRODUCTS	PRICE	VOLUME	RECEIPTS
	- CHANGE 1987/1986 -		
MILK	1,2	-0,3	0,9
PORK	0,3	3,2	3,5
BEEF AND VEAL	8,0	1,3	9,3
POULTRY	-1,2	7,0	5,8
EGGS	-4,0	-	-4,0
GRAINS	-14,1	-0,2	-14,3
POTATOES	18,1	-1,1	16,8
VEGETABLES AND MUSHROOMS	-2,1	4,4	2,1
APPLES	-10,0	70,6	53,6
GENERAL INDEX	-0,3	2,7	2,4

(1) CASH RECEIPTS FOR THE DAIRY INDUSTRY, FARM INSURANCE PLANS AND SUPPLEMENTARY PAYMENTS ARE EXCLUDED.

SOURCE: - MINISTERE DE L'AGRICULTURE, DES PECHERIES ET DE L'ALIMENTATION DU QUEBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.

Animal products are still the principal source of income for Québec farm operations. These products represent over 75% of receipts, whereas grain sales make up only 5.8%. The current decrease in the price of grain should therefore encourage expansion of animal production.

The overall volume of production will only increase by 2.7%, however, while prices could undergo a slight reduction. Cash receipts from the sale of agricultural products, excluding all government payments, will increase by 2.4% in 1987.

Milk production has a considerable influence on the general well-being of agriculture in Québec. Accounting for over 35% of receipts, dairy production will remain stable in 1987. Price increases should be very modest.

Pork production could trigger a slight expansion, particularly in the second quarter of 1987. Prices should match 1986 average levels.

Although beef production is expected to decrease in Canada and the United States, Québec beef supplies should increase under the effect of an increase in the average weight of slaughter cattle. In light of projections for

beef and pork production in North America, prices will remain high throughout the year and prices for beef cattle will remain steady till the end of 1987.

The implementation of a new penalization system in poultry production should improve seasonal adjustment of supply to demand. In 1987, Canadian production should grow by 8.9% over 1986, and Québec production by 7%. The relative abundance of chicken should bring prices down somewhat. In the turkey sector, a significant reduction of stocks, in early 1987, could induce the Canadian Turkey Marketing Agency to increase its production quotas for 1987. For the moment, Québec production should increase by at least 8%. Breaking the quota down by period and category will result in closer correspondance of supply to demand. Production costs should remain stable for some months in 1987, falling off at year end with the pressure of increased supplies of poultry and pork.

Considering the situation of the North American grain market outlined above, the average grain price will drop in 1987. Moreover, low returns in 1986 have caused a drop in production which will be reflected by a slight reduction in grain sales for 1987. Then, too, income stabilization programs in the grain sector and normal cultivating conditions could bring about a bigger harvest in autumn 1987. Income stabilization payments expected for the 1987 corn-grain and feed-grain harvest could rise to nearly $160 million.

Finally, the majority of horticultural products will see increased production in 1987, provided weather conditions allow average yields.

The net income earned in the Québec agriculture sector will grow by only 5.3% in 1987, compared to growth of 12% in 1986. This slowed growth would be mainly attributable to a decrease in income from government transfers in the animal production sector. Moreover, firms in many sectors will see an improvement in their financial position. The reduction in interest rates and expenditures for livestock feed will increase their profit margin.

5.3 Outlook for fisheries sector

In the fisheries sector, resources will be in increasingly short supply in 1987. Shortages are expected off European and Japanese shores and are likewise developing in Canadian waters. This year's quotas for fishermen on the Atlantic coast and in the Gulf of Saint Lawrence are set at 972 865 tonnes of groundfish compared to 1 225 665 tonnes last year. Canada has had to take a number of measures to safeguard its fisheries. Following negotiations, a provisionsal agreement was reached between Canada and France. Pending a decision by an independent tribunal on territorial dispute

in this sector, Canada will allow French trawlers to fish the waters off the islands of Saint Pierre and Miquelon.

To improve planning of processing and marketing operations, a system of seasonal quotas and limits per fishing expedition will be implemented to spread the number of catches over a longer period.

The steadyness of U.S. demand holds out considerable promise for 1987 to those in the fishing industry, despite the low stocks in Québec. The recent drop of the U.S. dollar against European currencies and the yen could increase Québec exports to the United States.

In this regard, recent market trends have induced many Québec producers to increase exports of unprocessed products to the United States, at a time when Québec has surplus processing capacity. In the short term, these practices will effectively reduce employment in Québec and, in the long term, may decrease the profitability of processing plants. As a result, and if the fish processing industry does not take corrective measures, government authorities may be forced to pass legislation to ensure sufficient supplies to plants.

Moreover, certain elements of the privatization program in the fisheries sector could be brought to a conclusion in 1987. Decisions will have to be made in the coming months concerning the sale of some Pêches Nordiques and Madelipêche shares. These transactions are intended to put the fortunes of these firms back in the private sector by granting them new avenues for development.

5.4 Prospects in processing and distribution

Québec's economic growth rate should slow down in 1987, with the gross domestic product, expressed in constant dollars, rising by 2.8% compared to 3.5% in 1986. Personal disposable income will grow by 7.4% thanks, notably, to an increase in average wages.

Personal expenditures on goods and services in 1987 could increase at a slightly slower pace than that of last year, unless the continued drop in interest rates induces consumers to increase demand for durable goods.

Household demand for foodstuffs should rise, mainly in the restaurant sector.

Forecasts of changes in food prices take into account an increase of 3% to 5% in 1987 for all of Canada.

The drop in price of agricultural raw materials in 1987 will be offset by increased labour costs in the processing and marketing sectors.

In the retail sector, the Epiciers Unis Métros-Richelieu group has just sold its convenience stores to Alimentation Couche-Tard. Henceforth, the Métro-Richelieu group will be able to act as wholesaler for Alimentation Couche-Tard convenience stores.

Benefiting from continued economic growth in Québec, the restaurant sector will experience another year of expansion in 1987. However, significant development in fast-food chains may, in the short term, lead to decreased profitability.

CHAPTER 6

THE CHALLENGES FROM NOW TILL THE END OF THE DECADE

The economic situation of Québec's agriculture, fisheries and food sector improved in 1986 owing to tradidtional specialization in animal products and strong prices for seafood. The same favourable factors will continue to have an influence in 1987. However, several major issues are at stake from now till the end of the decade.

Existing conditions on the world market for agricultural commodities pose a serious threat to Québec's agricultural sector, as it has become necessary to reassess government farm support measures in relation to Québec taxpayers' ability to pay. In addition, bilateral trade agreements with the United States, or multilateral agreements under GATT, if and when signed, may have significant repercussions on the structure of Québec's agriculture, fisheries and food sector.

The expectations raised by the planning and implementation of the Canadian Agricultural Policy must be made tangible in policies and programs favourable to farmers and governments. Finally, a new philosophy of government intervention must be introduced in the agriculture and fisheries sectors. On the agricultural side, production must be adapted to market needs while on the fisheries side, a solution must be found

to the problem of over-capitalization at a time when marine resources are levelling off.

6.1 Developments in the world market for agricultural commodities

From 1970 to 1980, world grain demand rose 32%, pushing prices up significantly. As an example, the world price of wheat rose from US$73 a metric ton in 1970 to US$218 a metric ton in 1980. At the same time, the exporting countries were increasing their production capacity and, in the case of the United States and Europe, production increased by 25% and 30% respectively during the 1970s.

The world economic crisis of the early 1980s, marked by record high interest rates, slowed world grain demand at a time when many importing countries were becoming grain self-sufficient. In 1985, world grain trade shrank by 40 million tonnes (-18%), which was absorbed by the United States as a result of their price support policy.

In 1980, the U.S. had exported 112 million tonnes of grain (55% of the world market) and the European Economic Community 37 million (18%). In 1985, U.S. exports had plummeted to 63 million tonnes (39% of the market) while E.E.C. exports hit 48 million tonnes (28%). The United States, through its 1985 Farm Bill, is seeking to recover its share

of the world market by reducing loan rates which provide a basis for setting world prices, and by massively subsidizing its own producers.

The world grain market is currently clogged with large surpluses. Stocks have reached 400 million tonnes, or twice the entire world's annual trade capacity. World grain prices have plummeted by 40% during the past twelve months (the world wheat price has dropped from US$166 to US$100 per metric ton).

The trade war being waged by exporting countries trying to hold or increase their share of the world market for farm commodities is having dramatic repercussions on the prices paid to producers. At the same time, most countries are paying massive subsidies for agriculture to support their farmers financially so that they will be in a position to profit when prices begin to rise. In 1986, the United States will spend US$35 billion under the Farm Bill, while the E.E.C. will pay US$50 billion in agricultural products export subsidies.

Québec's grain producers are feeling the effects of this world trade war. The average price of grain produced in Québec has fallen from $163 per metric ton for the 1984 harvest to $143 per metric ton for the 1985 harvest. The 1986 harvest may have to be sold at an average price of $120 a metric

ton. The lower prices are having an effect on compensation payments by the Régie des assurances agricoles du Québec. Insured producers will receive compensation in the order of $57 per metric ton for the 1986 harvest, which means total payments of almost $100 million.

The trade war may spill over into meat production if American producers build up their herds and begin liquidating their enormous surplus of grain by producing pork. This could have a devastating effect on the price of pork and lead to a drop in other meat prices.

The current trend on the world agricultural commodity market and the foreseeable consequences on Québec agriculture force us to reassess government farm production support measures. With the current international surpluses of agricultural commodities, the development of additional production capacity is precluded. The volume of production must be further adjusted to international prices, rather than using income stabilization insurance plans to support increased production.

Finally, questions must be asked as to the Québec government's financial capacity to support agricultural production if the trade war continues for many more years and if, in addition, it spills over into the meat sector.

6.2 International trade agreements

6.2.1 Free trade with the United States

Canadian and U.S. representatives will continue their discussions during 1987 as they seek to reach a bilateral agreement between the two countries.

Even though free trade may hold advantages in the medium and long terms for Québec's economy, the process of freeing trade relations in the agricultural sector should be spread over a long period of time. Should the process take place over a short period of time, the U.S., which is already over-producing in most agricultural sectors, could flood Canadian markets with agricultural products.

In the event that a free-trade zone in agricultural products with the United States is established, agricultural sector assistance policies will have to be harmonized. The Americans will probably demand that many instruments of government intervention in the farm sector be abandoned, such as farm credit, income stabilization and investment assistance programs.

Québec will remain opposed to the inclusion of agriculture in Canada-U.S. free-trade discussions until the following points are clarified:

- the nature and level of subsidies acceptable to both countries;

- the need to maintain national marketing and supply management boards;

- the need to maintain farm income stabilization programs;

- the power of governments to implement policies or regulations needed for the development of their agriculture;

- and finally, the safeguards to be put in place to prevent dumping, price wars and market instability.

The Canada-U.S. free-trade discussions are continuing in spite of the highly protectionist tone of U.S. trade policy. It can be expected that as long as American farm surpluses remain high and the U.S. dollar remains strong, protectionism will continue to predominate in United States trade policy.

6.2.2 GATT negotiations[1]

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[1] General Agreement on Tariffs and Trade

As a result of the GATT ministerial session held in Punta del Este, Uruguay, in mid-September 1986, a new round of multilateral trade negotiations has been launched. These trade talks could continue over the next four years.

Until now, the agricultural sector has been surrounded by controversy. An accord has finally been reached on including the agricultural sector in GATT discussions under the same terms as other economic sectors. However, it is appropriate to expect that the agricultural sector will receive special treatment because of the precedent set by the inclusion of this sector within the GATT discussions and because of the very nature of the sector. It must also be pointed out that Canada and other exporting nations demanded the abolition of export subsidies. France, however, feeling itself singled out by this proposal, had the initial draft amended to include all measures affecting, directly or indirectly, international trade in agricultural commodities. This means that the non-tariff barriers in most countries would be studied and it is likely that discussions on freer trade in the agricultural sector will be extended given that the original timetable for discussion has been set aside.

The issues on the table for this round of GATT negotiations are the redefinition of the distribution of the international market in agricultural commodities and the abolition of practices hindering trade in agricultural products. The current

trade war has engaged rivals in a struggle to outdo each other in driving down prices and in taking retaliatory action which lead to the imposition of countervailing duties. Reducing subsidies designed to support farm incomes appears to be an important item on the agenda of current GATT negotiations.

6.3 The challenges in the agro-food sector

6.3.1 Canada's agricultural strategy

At their November 1985 conference, the First Ministers directed their Ministers of Agriculture to develop a national agricultural strategy to deal with the problems of Canada's agro-food industry. In light of the short and medium-term outlook for Canada's agricultural sector, all the Ministers of agriculture were able to reach an agreement dealing with the objectives and basic principles for a Canadian agricultural strategy.

6.3.1.1 The objectives and basic principles of the strategy

The Ministers of Agriculture recognize and adhere to the following objectives as a foundation for government intervention in the agro-food sector:

- In accordance with the spirit of regional economic development, the primary objective of federal and provincial intervention in the agro-food sector is to increase income and employment by promoting sustained economic activity based on the real possibilities of each region.

- More specifically, the federal and provincial governments seek to facilitate the development of an agro-food sector responding to markets in every region and, to this end, intend to adopt policies and programs which will strengthen its competitive position.

- In view of the uncertainty which surrounds many factors affecting agricultural activity, the federal and provincial governments unite their efforts to make available to farmers, in the medium and long-terms, the means to overcome difficulties caused by changing weather conditions and fluctuations in the price of products.

A national agricultural strategy must be based on fundamental principles accepted by all which will be used as guide lines to direct future action. It must also be designed to settle differences between governments and regions.

The Ministers of Agriculture recognize and agree to the following principles:

- Recognition of the distribution of jurisdictions and responsibilities in regard to agro-food development, including the right, for both levels of public administration, to intervene in the areas of finance, marketing, research, production assistance and income stabilization, while admitting that management of resources is a provincial matter. It is also agreed that these interventions should, of course, not run counter to the principles and objectives of the national agricultural strategy.

- Equity and respect for regional economies.

- Government intervention to be directed in response to markets and sector competitiveness.

- Protection of family farms.

- Effective cooperation and coordination with the private sector.

- Effective federal-provincial collaboration.

By committing themselves to abide by these principles, all governments have contributed to creating conditions that foster a reinforcement of existing federal-provincial and public-private efforts.

6.3.1.2 The issues at stake for Québec in the Canadian agricultural strategy

Québec took a leadership role in preparing the National Agricultural Strategy. Québec's Minister of Agriculture, Fisheries and Food dealt with the subject at the meetings of Ministers of Agriculture held in January, May and August 1986, insisting on the need to introduce more fairness in the distribution of federal funds for farmers.

Since 1980, the Québec government has borne alone the cost of assistance to Québec farmers, even though Quebecers provide their share of federal revenue. While Québec's expenditures were rising from $323 to $457 million, federal agricultural spending in Québec inched up from $326 to $339 million. The 4% increase in federal agricultural spending in Québec compares with jumps of 86% in Alberta, 76% in Saskatchewan, 64% in Manitoba and 22% in Ontario.

Québec gradually won the other provinces over to its position of acknowledging the fairness principle. This principle was put to its first test in the distribution of $1 billion to Canadian grain and oilseed producers. Québec producers will receive $37.5 million under this program, despite opposition from those wishing to see compensation paid only to the grain-exporting provinces. Québec was

paid only to the grain-exporting provinces. Québec was successful in having the program apply to all grain production and not only grain sold in the trade networks. In addition, the assistance paid will be the same, based on the product, for Western and Eastern producers.

The Québec government hopes to reach agreement with the federal government in the short term on a review of farm income stabilization programs in order to make them complementary. During the last Ministers of Agriculture conference, held in Victoria in August 1986, Québec expressed its willingness to participate in tripartite agreements, once they have been amended so that they:

- respect the constitutional right of the provinces to implement stabilization programs that are complementary to national programs;

- raise the level of protection available to red meat producers by taking greater account, in calculating compensation, of the production costs incurred by producers in the various provinces.

Québec's farm income stabilization insurance plan is running a significant deficit. The accumulated deficit rose from $138 million in 1985 to $170 million in 1986 and could reach $300 million by 1989. Québec is claiming treatment

for its farmers comparable to that enjoyed by grain producers in Western Canada. Québec's position on a review of income stabilization programs is in agreement with the national agricultural strategy and is based on the principle of fairness and respect for regional economies, as well as on the recognition of shared jurisdictions.

6.3.2 Reorientation of the Ministère's action in Québec's agricultural sector

The year 1986 was one of broad consultation on the activities of the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec and its agencies. The purpose of the consultation was to review those activities directed at development of production, in order to place more emphasis on consolidating and reinforcing gains.

Following the reform of financial assistance programs to farmers, applications will be assessed within the overall context of improving the operation's cost-effectiveness. The new approach will, as a result, allow for the examination of alternative solutions so that resources can be allocted in such a way that the farm operation's cost-effectiveness can be increased as much as possible.

Moreover, the agricultural financing advisory committee undertook a consultation in order to recast the eight separate

Acts administered by the Office du credit agricole du Québec into a single piece of legislation. This revision will also contribute to making this agency more efficient and better able to respond to the needs of Québec's farming population.

Advisory committees have been working in the areas of farm income stabilization, crop insurance and livestock insurance. With respect to stabilization insurance plans, the committee must determine whether the premiums are adapted to market conditions and whether the initial objective of stabilizing the income of efficient producers during years of low prices is achieved without preventing Québec farmers from reading actual signals from the market.

In September of 1986, Québec's Minister of Agriculture, Fisheries and Food released his policy for reviewing agricultural zones aimed at refining the boundaries of existing agricultural zones so that land use could be better coordinated. Uniformity and integrity of the land is the objective which must be sought to protect this resource and safeguard Québec's agricultural development.

6.4 Challenges in the fisheries sector

6.4.1 Federal-provincial discussions

At the 1985 First Ministers Conference in Halifax, an agreement was reached to the effect that the Ministers of Fisheries should proceed with greater vigour in preparing policies to enable Canada to derive greater benefit from its advantages in the fisheries sector.

At that time, four challenges had been identified for discussion between the two levels of government and the private sector. Trade, income stability, resource management and fishery development were selected as themes for discussions by the Ministers of Fisheries throughout 1986. Significant consensus was reached with respect to the four challenges.

With respect to trade, the Ministers of Fisheries gave their approval to free-trade initiatives both with the United States and as part of the GATT multilateral discussions. In addition, a consensus was reached on the idea that marketing is essentially an area of private-sector jurisdiction. Government intervention can, however, support this role through activities such as promoiton and market studies.

With respect to income stability, the Ministers of Fisheries agreed on the need to set up a task force to prepare

detailed proposals on the subject. Until then, it has been agreed that no new initiatives in this area will be undertaken until the Forget Commission and Newfoundland's House Commission reports have been thoroughly studied. The problems raised by the instability of fishermen's income are such that the question must be examined jointly with the ministers responsible for social, economic and regional policies. However, the basic question is not the stability, but the level of income.

The Ministers of Fisheries reached agreement on certain aspects concerning management of the resource. It was reaffirmed that Canada's foreign policy with respect to the fishery must be directed at the conservation and effective management of resources for the benefit of Canada's industry. As a result, it is requested that Canada terminate the policy of granting certain countries non-surplus quotas in Canadian waters in order to obtain their cooperation in conservation matters and access to their markets. Similarly, the awarding of surplus quotas to foreign fleets under agreements should only be done subject to the condition that they cooperate in conservation questions. In addition, the Ministers are agreed that surveillance and control methods for Canadian resource protection regulations must be strengthened.

Finally, the Ministers dealt with the challenge of fisheries development in the future. In this regard, there was

agreement on measures to be taken to improve quality. A commitment was made to promote grading of raw materials and to encourage setting up quality control programs, and to look into the possibility of implementing grading programs for finished goods. Aquaculture seems to be another important element in an overall resource development strategy. The Ministers of Fisheries therefore agreed to step up intergovernmental cooperation and to negotiate memorandums of understanding. Sport fishing is another field which lends itself to greater cooperation between governments and users of the resource. Here again, agreement was obtained concerning the basic principles to be embodied in draft accords on the division of responsibilities in the freshwater fisheries sector.

However, the issue of division of the responsibilities with respect to the management of marine resources has yet to be definitively resolved. At the present time, all authority is vested in the federal government. Québec wishes responsibilities to be shared and that a collegial approach to authority be the rule in the future.

6.4.2 The challenges for Québec's fishing industry

6.4.2.1 The quality of fishery products

Since 1984, the Ministère has carried out activities relative to the inspection and grading of fishery products. This is part of a wide ranging program to improve the overall quality of fishery products in Québec.

The fishery products processing industry is aware of the major benefits flowing from improving the quality of fishery products, and is preparing to move one stage further in improving quality.

Québec's Ministère de l'Agriculture, des Pêcheries et de l'Alimentation intends to support processing firms seeking to develop their own internal quality control program. Needless to say, the firms involved will have to obtain supplies of quality fish, molluscs and shellfish.

This new attitude to the quality challenge will stimulate the development of new markets, which will benefit all those involved in the fisheries sector.

6.4.2.2 Rationalization of catching and processing activities

The major challenge facing Québec's salt-water fisheries sector over the coming years will be to adapt its catching and processing capacity to a levelling-off of fish resources.

The fleet must deal firmly with the problem of over-capitalization. With the large number of vessels and the short period during which they are in use, it is impossible to earn a profit on investment. The most promising solution is to reduce the number of fishing vessels and increase the flexibility of the fleet so that fishermen earn a reasonable living.

Turning to fishery product processing, major investments have been made over the past few years under the Programme de rationalisation du secteur de la transformation des produits de la pêche (rationalization program for fishery products processing sector). Under this program, plants have reached modern standards for the preparation of food products, while many of them have increased their production capacity.

Given the increasing scarcity of the resource, gains in cost-effectiveness in fishery products processing plants can only be achieved by extending the degree of processing, and placing more stress on diversification of activities. This

new direction cannot be isolated from no less substantial marketing efforts designed to develop new markets. The supply of fishery products can be expected to consolidate in order to adopt the appropriate means of penetrating and satisfying the needs of markets.

In this regard, the consumption market in Québec remains relatively untapped by Québec's fishery entrepreneurs.

Thus, and although marketing activities remain primarily within the jurisdiction of the private sector, the Québec government could provide special cooperation in the establishment of this important industry function. Priority could be given to setting up information networks to place entrepreneurs in contact with Québec distributors and implementing a financial assistance program for promotion and merchandising.

6.4.2.3 The development of aquaculture

The levelling-off of fishery resources prevents any development of harvesting activities. However, farming lucrative species presents a high development potential. The scarcity of certain marine products, their high price and the improvement in farming techniques are all factors which have encouraged the development of this new industry in Québec.

Although fish farming has existed since the beginning of the century for fertilization purposes, aquaculture production has remained limited in Québec. The only species raised to commercial size were rainbow trout and speckled trout. In 1986, however, a firm based on the Iles-de-la-Madeleine marketed blue mussels in commercial quantities. In addition, a firm in Gaspé marketed almost 5 000 salmon. Other commercial farming experiments are in progress. Work is under way to develop scallop farms on the Basse-Côte-Nord, salmon in Gaspésie, and lobster on the Iles-de-la-Madeleine.

However, much work must be done in technical research and in reducing production costs. The fishery products industry offers an attractive profit potential for private investors.

6.4.2.4 Freshwater fisheries

Harvesting and processing of freshwater fish remains still little developed in Québec. With almost 183 400 square kilometres of fresh water, Québec recorded deliveries for a value of $1.1 million in 1982. At the same time, deliveries in Ontario amounted to $68.5 million.

Under the Act respecting fisheries and commercial aquaculture, proclaimed in November 1985, the MAPAQ intends to further develop Québec's freshwater resources. This will take

the form of new processing plants and the development of new products. Three projects are currently under study, at Laniel and Duranseau in Abitibi, and at La Tuque in Laviolette county.

However, the development of this sector still depends on harmonizing commercial and sport operations. An experiment in this area is currently under way in the Lac Saint-Pierre region.

APPENDIX I

Data profile for agriculture sector

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TABLE 1-1

KEY STATISTICS FOR QUÉBEC DAIRY PRODUCTION 1980-1987

BREAKDOWN	1980	1981	1982	1983	1984	1985	1986(1)	1987(2)
NUMBER OF PRODUCERS	20 726	20 036	19 503	19 091	18 142	17 483	16 700	16 200
CATTLE POPULATION -'000 HEAD-	700	700	695	675	690	675	655	650
AVERAGE PRODUCTION PER COW -LITRES-	4 266	4 262	4 581	4 346	4 475	4 364	4 501	4 523
USE OF DAIRY PRODUCTION -'000 HECTOLITRES-								
-RAW MILK	6 191	6 295	6 331	6 265	6 364	6 622	6 740	6 700
-PROCESSED	22 325	22 662	23 798	21 829	23 335	21 699	21 636	21 600

(1) ESTIMATES
(2) PROJECTIONS

SOURCES: -STATISTICS CANADA, LIVESTOCK STUDY REPORT.
-BUREAU DE LA STATISTIQUE DU QUÉBEC, STATISTIQUES LAITIÈRES.
-MINISTÈRE DE L'AGRICULTURE, DES PÊCHERIES ET DE L'ALIMENTATION DU QUÉBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.

TABLE 1-2

KEY STATISTICS FOR QUÉBEC PORK SECTOR 1980-1987

BREAKDOWN	1980	1981	1982	1983	1984	1985	1986(1)	1987(2)
SALES -'000 HEAD-	4 802	4 836	4 704	4 581	4 743	4 762	4 672	4 770
PRICE PAID IN QUÉBEC -$ PER HUNDRED LB-	60,33	70,27	83,83	71,09	72,65	68,57	81,78	82,00
AVERAGE WEIGHT -LB-	171,4	171,6	174,0	174,5	173,8	174,5	177,0	179,0

(1) ESTIMATES
(2) PROJECTIONS

SOURCES: -AGRICULTURE CANADA, CANADA LIVESTOCK AND MEAT TRADE REPORT.
-STATISTICS CANADA, LIVESTOCK AND ANIMAL PRODUCTS STATISTICS, CATALOGUE No. 23-203.
-MINISTÈRE DE L'AGRICULTURE, DES PÊCHERIES ET DE L'ALIMENTATION DU QUÉBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.

TABLE 1-3

KEY STATISTICS FOR QUÉBEC CATTLE SECTOR 1980-1987

BREAKDOWN		1980	1981	1982	1983	1984	1985	1986(1)	1987(2)
HEAVY CATTLE									
SALES	-'000 HEAD-	276,9	296,6	348,6	413,9	351,1	341,2	351,9	360,0
AVERAGE WEIGHT	-LB-	1 217	1 214	1 229	1 143	1 106	1 172	1 183	1 184
SALES	-'000 LB-	336 987	360 072	428 429	473 088	388 255	399 779	416 166	426 410
AVERAGE PRICE	-$/100 LB-	54,29	49,94	52,12	47,96	53,34	51,20	50,88	54,90
CASH RECEIPTS	-$000-	182 950	179 820	223 297	226 893	207 095	204,686	211 745	234 098
VEAL CALVES									
SALES	-'000 HEAD-	355,5	383,6	426,9	416,4	441,5	355,3	330,0	320,0
AVERAGE WEIGHT	-LB-	159	167	151	212	172	229	242	244
SALES	-'000 LB-	56 524	64 061	64 462	88 277	75 938	81 443	80 040	78 146
AVERAGE PRICE	-$/100 LB-	91,56	80,69	76,49	77,75	91,49	85,41	89,71	97,20
CASH RECEIPTS	-$'000-	51 754	51 691	49 307	68 635	69 476	69 559	71 805	75 955
HEAVY CATTLE AND VEAL CALVES									
SALES	-'000 HEAD-	632,4	680,2	775,5	830,3	792,6	696,5	681,9	680,0
AVERAGE WEIGHT	-LB-	622	624	636	676	586	691	728	742
SALES	-$'000 LB-	393 512	424 134	492 891	561 364	464 193	481 222	492 206	504 556
AVERAGE PRICE	-$/100 LB-	59,64	54,58	55,31	52,64	59,58	56,99	57,14	61,45

(1) ESTIMATES
(2) PROJECTIONS
(3) INCLUDES COWS, BULLS, STEER AND OTHER CATTLE.

SOURCES: -STATISTICS CANADA, UNPUBLISHED FIGURES.
-MINISTÈRE DE L'AGRICULTURE, DES PÊCHERIES ET DE L'ALIMENTATION DU QUÉBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.

TABLE 1-4

KEY STATISTICS FOR QUÉBEC POULTRY SECTOR 1980-1987

BREAKDOWN	1980	1981	1982	1983	1984	1985	1986(1)	1987(2)
SALES				- TONNES -				
POULTRY	158 649	152 656	156 833	149 861	159 858	176 868	182 251	194 788
CHICKEN	129 544	125 554	128 344	121 886	132 219	146 859	151 171	161 698
HENS	5 230	5 461	5 599	5 531	5 329	5 580	5 513	5 452
TURKEYS	23 844	21 617	22 859	22 413	22 283	24 429	25 567	27 638
EGGS -'000 DOZEN-	77 783	80 766	78 844	80 410	78 104	77 722	77 700	77 700
CASH RECEIPTS				- '000$ -				
POULTRY	198 277	220 765	223 039	216 017	251 867	252 917	265 311	280 587
CHICKEN	161 837	183 569	182 803	177 278	210 369	208 752	220 000	233 000
HENS	1 589	1 548	1 856	2 206	2 391	2 880	2 845	2 814
TURKEYS	34 851	35 648	38 380	36 533	39 107	41 285	42 466	44 773
EGGS	68 911	82 700	80 017	82 798	86 333	91 354	90 448	86 794
CONSUMPTION	55 105	66 165	62 749	65 776	69 084	66 283	64 000	61 000
HATCHING	13 806	16 535	17 268	17 022	17 249	25 170	26 448	25 794

(1) ESTIMATES
(2) PROJECTIONS

SOURCES: -AGRICULTURE CANADA, POULTRY MARKET REPORT AND HATCHERY REVIEW.
-STATISTICS CANADA, PRODUCTION OF POULTRY AND EGGS, CATALOGUE No. 23-202.
-BUREAU DE LA STATISTIQUE DU QUÉBEC, STATISTIQUES AVICOLES AU QUÉBEC.
-MINISTÈRE DE L'AGRICULTURE, DES PÊCHERIES ET DE L'ALIMENTATION DU QUÉBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.

TABLE 1-5

KEY STATISTICS FOR QUÉBEC GRAIN SECTOR 1980-1987

BREAKDOWN	1980	1981	1982	1983	1984	1985	1986(1)	1987(2)
ACREAGE				- HECTARES -				
WHEAT	42 700	40 904	32 004	30 000	37 000	50 000	60 000	60 000
OATS	164 900	150 099	163 000	170 000	165 000	150 000	125 000	130 000
BARLEY	65 600	105 962	121 000	132 000	135 000	155 000	195 000	215 000
MIXED GRAINS	49 800	50 918	54 500	54 500	53 000	50 000	45 000	50 000
CORN	154 000	165 446	175 400	182 400	220 000	245 000	260 000	260 000
OTHER GRAINS	10 300	9 496	12 500	13 000	13 500	12 600	15 600	15 000
TOTAL (3)	487 300	522 825	558 400	581 500	623 500	662 600	700 600	730 000
PRODUCTION				- '000 TONNES -				
WHEAT	124,8	119,5	93,0	82,0	120,0	175,0	185,0	180,0
OATS	279,0	266,4	310,0	300,0	360,0	360,0	260,0	262,0
BARLEY	171,5	257,0	360,0	320,0	400,0	520,0	580,0	600,0
MIXED GRAINS	128,6	130,1	144,0	130,0	150,0	160,0	120,0	140,0
CORN	838,2	975,4	1 040,4	975,0	1 350,0	1 550,0	1 450,0	1 600,0
OTHER GRAINS	13,0	11,3	12,2	16,5	16,0	21,0	18,0	21,0
TOTAL (3)	1 555,1	1 759,7	1 955,2	1 823,5	2 396,0	2 786,0	2 621,0	2 803,0

(1) ESTIMATES
(2) PROJECTIONS
(3) FIGURES HAVE BEEN ROUNDED OFF. REAL TOTALS MAY DIFFER FROM TOTALS GIVEN.

SOURCES: -BUREAU DE LA STATISTIQUE DU QUÉBEC, GRANDES CULTURES: SUPERFICIES, PRODUCTION ET VALEUR.
-BUREAU DE LA STATISTIQUE DU QUÉBEC, SUPERFICIES DES PRINCIPALES GRANDES CULTURES.
-MINISTÈRE DE L'AGRICULTURE, DES PÊCHERIES ET DE L'ALIMENTATION DU QUÉBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.

TABLE 1-6
KEY STATISTICS (1) FOR MISCELLANEOUS QUÉBEC AGRICULTURAL SECTORS 1980-1987

BREAKDOWN		1980	1981	1982	1983	1984	1985	1986(2)	1987(3)
POTATOES									
ACREAGE	-HECTARES-	17 000	17 172	17 800	17 800	19 014	19 400	19 800	20 000
PRODUCTION	-TONNES-	358 400	341 800	387 000	387 000	410 000	470 000	420 000	440 000
VALUE	-'000$-	56 219	45 118	44 230	44 230	48 460	41 497	48 582	43 370
OTHER VEGETABLES									
ACREAGE	-HECTARES-	29 886	29 970	33 437	33 437	34 042	34 071	n.d.	n.d.
PRODUCTION	-TONNES-	368 815	346 859	427 230	427 230	443 737	440 340	405 000	420 000
VALUE	-'000$-	57 778	59 076	68 526	68 526	80 769	94 934	92 590	94 000
SUGAR BEETS									
ACREAGE	-HECTARES-	2 666	3 903	4 849	4 849	3 111	2 400	n.a.	n.a.
PRODUCTION	-TONNES-	121 493	160 532	177 300	177 300	130 926	110 000	n.a.	n.a.
VALUE	-'000$-	6 340	3 904	2 144	2 144	1 571	1 251	n.a.	n.a.
APPLES									
PRODUCTION	-TONNES-	118 516	45 303	78 109	78 109	85 081	91 825	53 914	92 000
VALUE	-'000$-	18 525	12 128	18 737	18 737	20 302	24 057	16 597	25 489
BERRIES									
PRODUCTION	-TONNES-	11 824	13 348	16 467	16 467	15 857	18 603	14 194	17 481

(1) FIGURES REFER TO CROP YEAR AND NOT CALENDAR YEAR
(2) ESTIMATES
(3) PROJECTIONS

SOURCES: -STATISTIQUE CANADA, FRUIT AND VEGETABLE PRODUCTION, CATALOGUE No. 22-003.
-BUREAU DE LA STATISTIQUE DU QUÉBEC, VARIOUS PUBLICATIONS.
-MINISTÈRE DE L'AGRICULTURE, DES PÊCHERIES ET DE L'ALIMENTATION DU QUÉBEC, DIRECTION DE LA PLANIFICATION, JANUARY 1987.